

STATE OF  
CONNECTICUT

**COMPREHENSIVE  
ANNUAL  
FINANCIAL  
REPORT**

**Fiscal Year Ended  
June 30, 2012**



**2012**

**Kevin Lembo  
State Comptroller**

**STATE OF CONNECTICUT**

**COMPREHENSIVE  
ANNUAL  
FINANCIAL REPORT**

For Fiscal Year Ended  
June 30, 2012

*Prepared by the Office of the  
State Comptroller*

**KEVIN LEMBO  
STATE COMPTROLLER**

This publication is available on the Office of the State Comptroller's home page:  
<http://www.osc.state.ct.us/2012cafr/>

## ***Office of the State Comptroller***

The Office of the State Comptroller provides accounting and financial services, administers employee and retiree benefits, develops accounting policy and exercises accounting oversight, and prepares financial reports for state, federal and municipal governments and the public.

The responsibilities of the Office of the State Comptroller were first charged in the State Constitution in 1786, and have been expanded over the years in the Connecticut General Statutes. According to Article Fourth, Section 24 of the State Constitution, the State Comptroller “shall adjust and settle all public accounts and demands, except grants and orders of the general assembly. He shall prescribe the mode of keeping and rendering all public accounts.”

In addition, state law charges the office to adjust and/or settle all demands against the state not first adjusted and settled by the General Assembly; to prepare all accounting statements relating to the financial condition of the state; to provide for the budgetary and financial reporting needs of the executive branch through the Core-CT computerized system; to pay all wages and salaries of state employees; and to administer miscellaneous appropriations including the procurement of medical, dental and pharmacy benefits.

The office is organized by seven divisions: Accounts Payable Division – manages the centralized accounts payable function for the state, Budget and Financial Analysis Division – performs the state’s accounting and financial reporting functions, Healthcare Policy and Benefit Services Division – administers benefits programs for all state employees, retirees and their families, Information Technology Division – is an inter-agency team that supports and helps maintain Core-CT, the statewide financial, human resource, and payroll system, Management Services Division – provides policy and program direction for certain administrative functions of the Office of the State Comptroller and develops and executes the agency budget, Payroll Services Division – pays all state employees; coordinates all payroll deductions maintains records on payroll taxes; and deposits federal and state income tax withholdings and social security contributions, and Retirement Services Division – administers state pension plans serving more than 40,000 state retirees.

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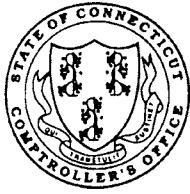
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*Introductory  
Section*

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STATE OF CONNECTICUT  
OFFICE OF THE STATE COMPTROLLER  
55 ELM STREET  
HARTFORD, CONNECTICUT  
06106-1775

Kevin Lembo  
State Comptroller

Martha Carlson  
Deputy Comptroller

February 28, 2013

To the Citizens, Constitutional Executive Officers, and Members of the Legislative General Assembly of the State of Connecticut:

It is a privilege to present the State of Connecticut Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2012. This report was prepared in accordance with Generally Accepted Accounting Principles (GAAP) as prescribed by the Governmental Accounting Standards Board.

Even though much of this report must be written in a rather formal and technical manner, my office has endeavored to present the information in a way that will help readers without a financial background to understand the State's overall fiscal position.

The State's largest governmental fund is the General Fund. This is the fund most often referred to in media reports about Connecticut's finances. Over three-quarters of all governmental financial transactions relating to the cost of providing State services and the collection of revenues to pay for those services occur within the General Fund.

A national recession that officially commenced in December 2007 produced a pattern of job losses in Connecticut that began in the first half of 2008. These job losses persisted until the start of 2010 and claimed 117,500 payroll positions. By the close of Fiscal Year 2012, Connecticut had regained 33,400 jobs or just over 28 percent of recessionary loss. This is a slower pace of recovery than the State had experienced in past post-recession periods. Compared to similar points in recovery cycles, the State had added 10,000 fewer jobs by the end of Fiscal Year 2012 than it had during the past two recoveries. Since the 1980s, the pace of post-recession job additions has been slowing. The State budget for Fiscal Year 2012 anticipated a recovery closer to historical trends.

The budget for Fiscal Year 2012 was formulated and controlled using a modified cash method of accounting. This accounting method records spending at the time of payment, but certain types of revenue are recorded prior to cash receipt. On this accounting basis, the State ended Fiscal Year 2012 with a General Fund deficit of \$143.5 million. It should be noted that commencing with Fiscal Year 2014, the Governor's budget is formulated on a GAAP or modified accrual basis of accounting. This is consistent with the accounting method used to prepare fund statements in this report. In accordance with GAAP standards, most revenues and expenditures are accrued for forty-five days after the close of the fiscal year. For Fiscal Year 2012, the General Fund posted an operating surplus of \$212.1 million on a GAAP basis.

Both the modified cash based deficit and the GAAP based surplus represent around one percent of the total General Fund budget. The difference between the two numbers results from differences in when revenues and expenditures are recorded as explained above.

As the budget for Fiscal Year 2012 was being developed, it was projected that maintaining the existing level of state services and the existing revenue structure would produce a budget deficit in excess of \$3 billion. In order to bring the budget back into balance, as required by law, savings initiatives and revenue enhancements were implemented. These efforts greatly improved the State's budget outlook.

One of the most significant cost cutting initiatives implemented to close the budget gap was the renegotiation of salary, health, pension and other related compensation with State employees. The administration estimated that total saving in excess of \$700 million would be achieved in Fiscal Year 2012 with savings growing and accumulating in the out years. The agreement imposed a wage freeze for two years, capped salary levels used to calculate pensions, increased the pension reduction for early retirement, imposed a 3 percent contribution rate on active employees to fund retiree health care, lowered the minimum cost of living pension adjustment and implemented a Health Enhancement Program (HEP) designed to reduce health care costs by promoting preventative care and by more appropriately directing points of service delivery. Many other changes were included in the agreement. In addition to lowering annual budget costs, this agreement was expected to reduce long-term liabilities.

On the receipt side of the budget, policy changes to General Fund revenue were expected to generate approximately \$1.4 billion in net additional collections for Fiscal Year 2012. These changes included a restructuring of the personal income tax that expanded the number of tax brackets from three to six. The top income tax rate was increased from 6.5 percent to 6.7 percent. The sales tax rate was increased from 6 percent to 6.35 percent with 0.1 percent reserved for municipal revenue sharing. Many products and services previously exempt from the sales tax became taxable. A 20 percent corporate surcharge was imposed on businesses with annual gross income of \$100 million or more and a tax liability in excess of \$250. The inheritance and estate tax exemption was lowered from \$3.5 million to \$2 million with an expansion of the 7.2 percent rate. Many other adjustments were also passed into law. The changes were implemented with special attention to keeping Connecticut's tax structure competitive with the tax provisions found in other states in the region.

An essential component of growing Connecticut's economy is ensuring budget stability. Stabilizing the budget requires building adequate reserves to meet requirements during economic downturns. Since 1990, the State has accumulated revenue windfalls (revenue in excess of budgeted spending) of over \$5 billion. However, budget reserves never exceeded \$1.4 billion. My office has a long history of advocating for the set-aside of revenue windfalls into reserve funds that can only be accessed in the event of an economic slowdown. This strategy will ensure that taxpayers are not burdened with additional State payments in difficult economic times, as has repeatedly occurred during past recessions.

### Major Policy Initiatives and Priorities

A focus of the 2012 legislative session was education reform. The Fiscal Year 2012 budget included a \$50 million increase in the \$1.9 billion Education Cost Sharing program, which

provides education grants to towns. This was the first funding increase in the program since 2008. The overall package that totaled in excess of \$100 million, was heavily directed to the lowest performing school districts. The initiatives include an expansion in preschool enrollment, expanded reading programs, additional state funding for charter schools, a new evaluation process for teachers and supervised school turn around plans.

In other areas, controlling rising health care costs has been a long-standing State priority. This has been a national issue as well with annual cost increases exceeding 8 percent. The Fiscal Year 2012 budget included several initiatives to control costs in the Medicaid program. Medicaid is the State's largest single program with outlays in excess of \$4.7 billion in Fiscal Year 2012. The budget reductions included eliminating a scheduled rate increase for nursing homes, a reduction in the personal needs allowance for nursing home residents, reductions to spousal asset exemptions, a reduction in non-emergency dental coverage, reduced funding for emergency transportation services, creation of an alternative benefit package for low income adults, improved care utilization management and numerous other changes.

My office in partnership with labor and management has had success in controlling costs in the State employees' and retiree health plans. Health care premiums did not increase in medical, pharmacy and dental plans for Fiscal Year 2013. Several factors have contributed to this success: Increased utilization of primary care physicians following the implementation of the Patient-Centered Medical Home (PCMH) initiative and HEP, both designed to ensure that state employees and retirees receive better oversight by their primary care physicians and regular preventive care and screenings; Lower emergency room visits as a result of this better primary care coordination and through HEP's co-pay structure that seeks to stop unnecessary emergency room admissions; And, pharmacy initiatives that have reduced prescription drug costs and increased federal support.

Various environmental reforms were also passed into law. Following Tropical Storm Irene anti-flood programs and efforts to mitigate shoreline erosion were implemented. Grants were made available from the Clean Water Fund to promote phosphorus mitigation and bring the State into compliance with federal standards. Lastly, requirements were tightened to ensure that the State's goals for open space were measured and controlled.

#### Independent Auditor Opinions

As a Connecticut Constitutional Officer, the State Comptroller is responsible for setting state-wide accounting practices. Ultimate responsibility for the accuracy, completeness, and fairness of data presented in this CAFR, including all disclosures, rests with the State of Connecticut and my office. Connecticut statutes require an annual audit of the State's basic financial statements. These include statements prepared on the budgetary basis of accounting as well as statements prepared using GAAP. The State is also required to undergo an annual "single audit" for reporting to the Federal government. To meet all of these requirements, the State Auditors of Public Accounts have examined our financial statements and the appropriate supporting documentation.

The State auditors gave the CAFR for the State of Connecticut a "clean" opinion indicating they can state, without reservation, that the financial statements are fairly presented in all material respects in conformity with GAAP.

## Profile of the Government and its Safeguards

### The Nutmeg State

Connecticut became the fifth state of the United States on January 9, 1788. Its borders encompass 5,009 square miles. Within its compact borders, Connecticut has forested hills, urban skylines, shoreline beaches, and historic village greens. Connecticut is a thriving center of business as well as a vacation location. It is both a New England State, and suburban to New York City. The population of Connecticut was 3,590,347 in 2012 according to U.S. Census estimates. Five large cities, Bridgeport, New Haven, Hartford (the State Capitol since 1875), Stamford and Waterbury, have populations in excess of 100,000 residents.

### State Government

Separation-of-Powers provisions of the State Constitution established the three branches of State government: executive, legislative and judicial. The executive branch, which is responsible for enforcing state laws, consists of six state executive officers: Governor, Lieutenant Governor, Treasurer, Comptroller, Secretary of State and Attorney General. All are elected to four-year terms.

Connecticut's General Assembly or legislative branch is responsible for creating new laws and consists of a Senate and a House of Representatives. There are currently 36 State Senators and 151 State Representatives. Members of the General Assembly are elected to two-year terms. Connecticut also elects two U.S. Senators and five U.S. Representatives.

The Judicial Branch is responsible for interpreting and upholding our laws as consistent with the State Constitution and legal precedence. The Judicial Branch consists of three levels: The Supreme Court, the Appellate Court and, at the lowest level, the Superior Court which is further divided by state law into Civil, Criminal, Housing and Family Divisions. Judges of the Supreme Court, the Appellate Court and the Superior Court are nominated by the Governor from a list of candidates submitted by the Judicial Selection Commission and are confirmed by the General Assembly. They serve eight-year terms and are eligible for reappointment.

### The Reporting Entity

The State of Connecticut financial reporting entity includes all of the funds of the primary government and of its component units. The primary government includes all funds, agencies, departments, bureaus, commissions, and component units that are considered an integral part of the State's legal entity. Component units are legally separate entities for which the primary government is financially accountable. Discretely presented component units are reported separately in the government-wide financial statements, to emphasize that they are legally separate from the primary government and to differentiate their financial position and results of operations from those of the primary government. Other component units, although legally separate entities have their financial position and operations blended with the primary government, essentially for technical reasons as explained more fully in the additional information on the reporting entity which is included in CAFR -Note 1, Summary of Significant Accounting Policies.

## Internal Controls

Our State's internal control structure has been established to ensure that the assets of the government are protected from loss, theft, or misuse, and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in accordance with GAAP and State legal requirements. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived, and (2) the valuation of costs and benefits requires estimates and judgments by management.

## Budgetary Controls

The State Legislature prepares a bi-annual budget that contains estimates of revenues and expenditures for the ensuing two fiscal years. This budget is the result of negotiations between the Governor and the Legislature. Adjustments, in the form of budget revisions, executive orders, and financial legislation agreed to by the Governor and the Legislature, are made to the annual appropriations throughout the fiscal year. Budgetary controls are maintained at the individual appropriation account level by agency and fund as established in authorized appropriation bills. The objective of these controls is to ensure compliance with state laws embodied in the appropriations. The State Comptroller is statutorily responsible for control structures to safeguard revenues due the primary government, to determine the amount equitably due with respect to claims made and to ensure such expenditures are compliant with an appropriation contained in the budget for such purpose.

Budgeted appropriations are the expenditure authorizations that allow state agencies to purchase or create liabilities for goods and services. Before an agency can utilize funds appropriated for a particular purpose, such funds must be allotted for the specific purpose by the Governor and encumbered by the Comptroller upon request by the agency. Such funds can then be expended by the Treasurer only upon a warrant, draft or order of the Comptroller drawn at the request of the responsible agency. The allotment process, which includes limits on the power of the Governor to modify appropriations, preserves expenditure controls over special revenue, enterprise, and internal service funds and capital projects that are not budgeted as part of the annual appropriation act as revised.

## The Spending Cap

In November 1992, electors approved an amendment to the State Constitution providing that the amount of budgeted expenditures authorized for any fiscal year shall not exceed the estimated amount of revenue for such fiscal year. This amendment thus provided a framework for placing a cap on budgeted appropriations.

Annual budgeted appropriations are capped at a percentage increase that is based on either the five-year average annual growth in the State's personal income or annual inflation, whichever is higher. Debt service payments, certain statutory grants to distressed municipalities, and appropriations required by federal mandate or court order are excluded from the limits of the cap.

The spending cap can be lifted if the Governor declares the existence of extraordinary circumstances and the General Assembly by three-fifths vote approves appropriations in excess

of the cap. This has occurred in almost every year that the State has posted a budget surplus in the General Fund to enable the appropriation of surplus dollars that would have otherwise gone to reduce state debt and fill the rainy day fund.

#### Economic Condition and Outlook

The national economy as measured by real GDP grew at a moderate rate of just over 2 percent on an averaged quarterly basis during Fiscal Year 2012. Growth slowed during the first half of Fiscal Year 2013.

Connecticut added 7,300 payroll jobs in Fiscal Year 2012. This compares to 12,500 job additions in Fiscal Year 2011. The State's unemployment rate peaked at 9.4 percent in August of 2010. The unemployment rate was 8.1 percent at the close of Fiscal Year 2012. During the fiscal year, the State's strongest employment sector was education and health services with the addition of 11,700 payroll jobs, followed by transportation and public utilities with 3,000 job additions. The most significant job losses were in the government and financial activities sectors down 3,000 jobs and 4,400 jobs respectively.

At the close of Fiscal Year 2012, Connecticut's personal income was growing at a rate of 2 percent measured against the same period one year earlier. During that same time period wage and salary income grew at about the same rate.

Nationally, retail sales were expanding at a 3.5 percent rate at the close of Fiscal Year 2012. Connecticut's sales tax receipts were up 14.2 percent over the prior fiscal year due primarily to an expansion of taxable categories. Connecticut's strong export sector closed Fiscal Year 2012 up almost 17 percent from the close of the prior year.

The housing market in the Northeast continued a slow recovery with existing home sales at the close of Fiscal Year 2012 advancing 1.9 percent from a year ago with prices up 1.8 percent.

#### Acknowledgements

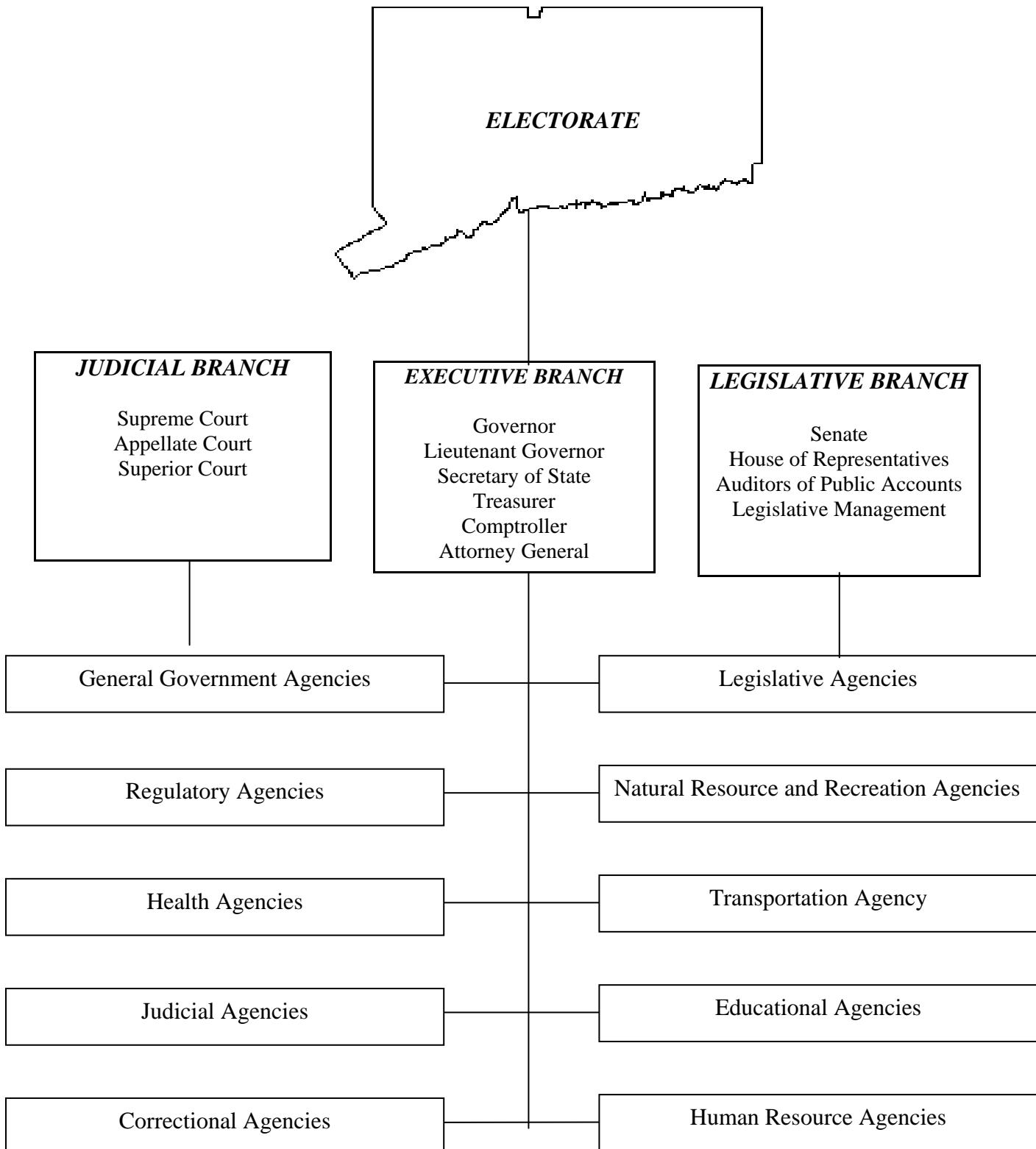
I want to thank my staff, the State Auditors, and all of the agency personnel and others who contributed to producing this report. I also want to thank its readers who bring meaning to the work that we do.

Sincerely,

A handwritten signature in black ink, appearing to read "Kevin Lembo".

Kevin Lembo  
Connecticut State Comptroller

## Organization Chart



***Selected State Officials***  
***(as of June 30, 2012)***

***EXECUTIVE***

Dannel P. Malloy  
*Governor*

Nancy Wyman  
*Lieutenant Governor*

Denise Merrill  
*Secretary of State*

Denise L. Nappier  
*Treasurer*

Kevin Lembo  
*Comptroller*

George C. Jepsen  
*Attorney General*

***JUDICIAL***

Chase T. Rogers  
*Chief Justice*

***LEGISLATIVE***

Donald E. Williams Jr.  
*President Pro Tempore of the State Senate*  
(36 Senators)

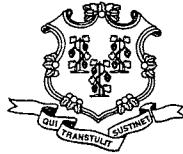
Christopher G. Donovan  
*Speaker of the House of Representatives*  
(151 Representatives)

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*Financial  
Section*

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# STATE OF CONNECTICUT



## AUDITORS OF PUBLIC ACCOUNTS

STATE CAPITOL

JOHN C. GERAGOSIAN

210 CAPITOL AVENUE  
HARTFORD, CONNECTICUT 06106-1559

ROBERT M. WARD

## INDEPENDENT AUDITORS' REPORT

Governor Dannel P. Malloy  
Members of the General Assembly

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Connecticut as of and for the year ended June 30, 2012, which collectively comprise the State's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the State of Connecticut's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit:

### Government-wide Financial Statements

- the financial statements of the Special Transportation Fund account within the Transportation Fund, the Transportation Special Tax Obligations account within the Debt Service Fund, which in the aggregate, represent six percent of the assets and five percent of the revenues of the Governmental Activities;
- the financial statements of the John Dempsey Hospital account within the University of Connecticut and Health Center, the Connecticut State University, Connecticut Community- Technical Colleges, Bradley International Airport, Bradley International Airport Parking Facility, Connecticut Lottery Corporation, and the Federal accounts for the Clean Water Fund and Drinking Water Fund, which in the aggregate, represent 64 percent of the assets and 44 percent of the revenues of the Business Type Activities;
- the financial statements of the discretely presented component units;

### Fund Financial Statements

- the financial statements of the Special Transportation Fund account, which represents 95 percent of the assets and 97 percent of the revenues of the Transportation Fund;
- the financial statements of the Transportation Special Tax Obligations account, which represents 100 percent of the assets and 100 percent of the revenues of the Debt Service Fund;
- the financial statements of the John Dempsey Hospital account within the University of Connecticut and Health Center, the Connecticut State University, the Connecticut Community-Technical Colleges, Bradley International Airport, Bradley International Airport Parking Facility, the Connecticut Lottery Corporation, and the Federal accounts for the Clean Water Fund and Drinking Water Fund, which in the aggregate, represent 64 percent of the assets and 44 percent of the revenues of the Enterprise Funds;

Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the aforementioned funds and accounts, is based on the reports of the other auditors. All of the aforementioned audits were conducted in accordance with auditing standards generally accepted in the United States of America. In addition, the audits of the Special Transportation Fund, Transportation Special Tax Obligations Fund, Drinking Water Fund, Clean Water Fund, Bradley International Airport, Connecticut Development Authority, Capital City Economic Development Authority, Connecticut Lottery Corporation, Connecticut Resources Recovery Authority, Connecticut Health and Educational Facilities Authority, Connecticut Higher Education Supplemental Loan Authority, Connecticut Housing Finance Authority, Connecticut Innovations Incorporated and the Clean Energy Finance and Investment Authority were conducted in accordance with standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The audits of the Bradley International Airport Parking Facility, John Dempsey Hospital, Connecticut State University, Connecticut Community-Technical Colleges and the University of Connecticut Foundation were not conducted in accordance with *Government Auditing Standards*. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the State's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinion.

In our opinion, upon our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information, for the State of Connecticut, as of June 30, 2012, and the respective budgetary comparison for the General Fund and the Transportation Fund, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 28, 2013, on our consideration of the State of Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report will be issued under separate cover in the in the *State of Connecticut Single Audit Report for the Fiscal Year Ended June 30, 2012*, and is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

As discussed in Note 23 to the financial statements, the State of Connecticut restated the GAAP fund balance within the General Fund for the fiscal year ended June 30, 2011. The adjustment arose from the under reporting of the General Fund tax receivable balance accrued for GAAP purposes but not for budgetary-basis purposes in the amount of \$172.7 million, which resulted in an understatement of GAAP income tax revenue by that same amount.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedules of funding progress for pension and other post-employment benefit plans and the schedules of employer contributions for pension and other post-employment benefit plans, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information, in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during the course of our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State of Connecticut's financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated in all material respects in relation to the financial statements taken as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State of Connecticut's basic financial statements. The introductory section and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.



John C. Geragosian  
Auditor of Public Accounts

February 28, 2013  
State Capitol  
Hartford, Connecticut



Robert M. Ward  
Auditor of Public Accounts

## **MANAGEMENT'S DISCUSSION AND ANALYSIS (MDA)**

The following discussion and analysis is intended to provide readers of the State's financial statements with a narrative overview and analysis of the financial activities of the State for the fiscal year ended June 30, 2012. The information provided here should be read in conjunction with additional information provided in the letter of transmittal and in the basic financial statements.

### **FINANCIAL HIGHLIGHTS**

#### **Government-wide:**

As of June 30, 2012, the State had a combined net asset deficit of \$10.6 billion, an increase of \$603 million when compared to the prior year ending deficit balance. This increase resulted from an increase of \$885 million in the net asset deficit of governmental activities, which was offset by an increase of \$282 million in the net assets of business-type activities.

#### **Fund Level:**

The governmental funds had a total fund balance of \$1.7 billion at year end. Of this amount, \$2.5 billion represents fund balance that is considered restricted for specific purposes by external constraints or enabling legislation and \$1.2 billion represents unassigned fund balance deficit. The General Fund's share of the deficit is \$1.1 billion, which decreased by \$603 million this fiscal year.

The Enterprise funds had total net assets of \$4.5 billion, substantially all of which was invested in capital assets or restricted for specific purposes.

#### **Long-Term Debt:**

Total long-term debt was \$28.2 billion for governmental activities, of which \$18.7 billion was bonded debt.

Total long-term debt was \$2.6 billion for business-type activities, of which \$1.5 billion was bonded debt.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the State's basic financial statements. The State's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

#### **Government-wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the State's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the State's non-fiduciary assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the State is improving or deteriorating.

The statement of activities presents information showing how the State's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements are intended to distinguish functions of the State that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the State include legislative, general government, regulation and protection, conservation and development, health and hospitals, transportation, human services, education, libraries, and museums, corrections, and judicial. The business-type activities of the State include the University of Connecticut and Health Center, State Universities, Bradley International Airport, Connecticut Lottery Corporation, Employment Security, and Clean Water, which are considered major funds, while the remaining business-type activities are combined into a single aggregate presentation.

The government-wide financial statements include not only the State itself (known as the primary government), but also the activities of nine legally separate Component Units for which the State is financially accountable: the Connecticut Housing Finance Authority, the Connecticut Health and Educational Facilities Authority, the Connecticut Development Authority, the Connecticut Higher Education Supplemental Loan Authority, the Connecticut Resources Recovery Authority, Connecticut Innovations, Incorporated, the Capital City Economic Development Authority, the University of Connecticut Foundation, Incorporated, and the Clean Energy Finance and Investment Authority. Financial information for these Component Units is reported separately from the financial information presented for the primary government itself. Financial information of the individual component units can be found in the basic financial statements following the fund statements, and complete financial statements of the individual component units can be obtained from their respective administrative offices.

### **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The State uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the State can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

#### **Governmental Funds**

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the State's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the State's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate the comparison between governmental funds and governmental activities.

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Debt Service Fund, the Transportation Fund, and the Restricted Grants and Accounts Fund, all of which are considered major funds. Data from other governmental funds is combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

Fund balance (difference between assets and liabilities) of governmental funds is classified as nonspendable, restricted, and unrestricted (committed, assigned or unassigned).

The State adopts a biennial budget for the General Fund, the Transportation Fund, and other Special Revenue funds. A budgetary comparison statement has been provided for the General Fund and the Transportation Fund to demonstrate compliance with the current fiscal year budgets.

### **Proprietary Funds**

Proprietary funds (Enterprise funds and Internal Service funds) are used to show activities that operate more like those of commercial enterprises. Enterprise funds charge fees for services provided to outside customers. They are used to report the same functions presented as business-type activities in the government-wide financial statements. Internal Service funds are an accounting device used to accumulate and allocate costs internally among the State's various functions. The State uses Internal Service funds to account for correction industries, information technology, and administrative services. Because these services predominately benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

### **Fiduciary Funds**

Fiduciary funds are used to account for resources held by the State in a trustee or agency capacity for others. Fiduciary funds are not included in the government-wide financial statements because the resources of those funds are not available to support the State's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

### **Notes to the Financial Statements**

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

### **Required Supplementary Information**

The basic financial statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. The required supplementary information includes information regarding the State's progress on funding its obligation to provide pension and other postemployment benefits to its employees.

### **Other Information**

In addition to the basic financial statements and accompanying notes, this report also contains the following information.

- Combining Fund Statements and Schedules – Nonmajor funds
- Statistical Section

**FINANCIAL ANALYSIS OF THE GOVERNMENT AS A WHOLE**

**NET ASSETS**

As noted earlier, net assets may serve over time as a useful indicator of the State's financial position. During the current fiscal year, the combined net asset deficit of the State increased 6.1 percent to \$10.6 billion. In comparison, last year the combined net asset deficit increased 5.4 percent.

**State Of Connecticut's Net Assets**  
**(Expressed in Millions)**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2012	2011*	2012	2011	2012	2011*
<b>ASSETS:</b>						
Current and Other Assets	\$ 3,944	\$ 4,489	\$ 4,070	\$ 4,236	\$ 8,014	\$ 8,725
Capital Assets	<u>10,966</u>	<u>10,924</u>	<u>3,597</u>	<u>3,468</u>	<u>14,563</u>	<u>14,392</u>
<b>Total Assets</b>	<b><u>14,910</u></b>	<b><u>15,413</u></b>	<b><u>7,667</u></b>	<b><u>7,704</u></b>	<b><u>22,577</u></b>	<b><u>23,117</u></b>
<b>LIABILITIES:</b>						
Current Liabilities	3,498	3,824	784	787	4,282	4,611
Long-term Liabilities	<u>26,443</u>	<u>25,735</u>	<u>2,408</u>	<u>2,724</u>	<u>28,851</u>	<u>28,459</u>
<b>Total Liabilities</b>	<b><u>29,941</u></b>	<b><u>29,559</u></b>	<b><u>3,192</u></b>	<b><u>3,511</u></b>	<b><u>33,133</u></b>	<b><u>33,070</u></b>
<b>NET ASSETS:</b>						
Invested in Capital Assets,						
Net of Related Debt	5,305	4,905	2,953	2,819	8,258	7,724
Restricted	1,648	1,810	1,106	1,152	2,754	2,962
Unrestricted	<u>(21,984)</u>	<u>(20,861)</u>	<u>416</u>	<u>222</u>	<u>(21,568)</u>	<u>(20,639)</u>
<b>Total Net Assets (Deficit)</b>	<b><u>\$ (15,031)</u></b>	<b><u>\$ (14,146)</u></b>	<b><u>\$ 4,475</u></b>	<b><u>\$ 4,193</u></b>	<b><u>\$ (10,556)</u></b>	<b><u>\$ (9,953)</u></b>

\* Restated for comparative purposes. See Note 23.

The net asset deficit of the State's governmental activities increased \$885 million (6.3 percent) to \$15.0 billion during the current fiscal year. Of this amount, \$5.3 billion was invested in capital assets (buildings, roads, bridges, etc.) and \$1.6 billion was restricted for specific purposes, resulting in an unrestricted net asset deficit of \$21.9 billion. This deficit is the result of having long-term obligations that are greater than currently available resources. Specifically, the State has recorded the following outstanding long-term obligations which contributed to the deficit; a) general obligation bonds issued in the amount of \$5.8 billion to finance various municipal grant programs (e.g., school construction) and \$2.3 billion issued to finance a contribution to a pension trust fund, and b) other long-term obligations in the amount of \$9.5 billion, which are partially funded or not funded by the State (e.g., net pension and OPEB obligations and compensated absences).

Net assets of the State's business-type activities increased \$282 million (6.7 percent) to \$4.5 billion during the current fiscal year. Of this amount, \$3.0 billion was invested in capital assets and \$1.1 billion was restricted for specific purposes, resulting in unrestricted net assets of \$0.4 billion. These resources cannot be used to make up for the net asset deficit of the State's governmental activities. The State can only use these net assets to finance the ongoing operations of its Enterprise funds (such as the University of Connecticut and Health Center, Bradley International Airport, and others).

**CHANGE IN NET ASSETS**

Changes in net assets for the years ended June 30, 2012 and 2011 were as follows:

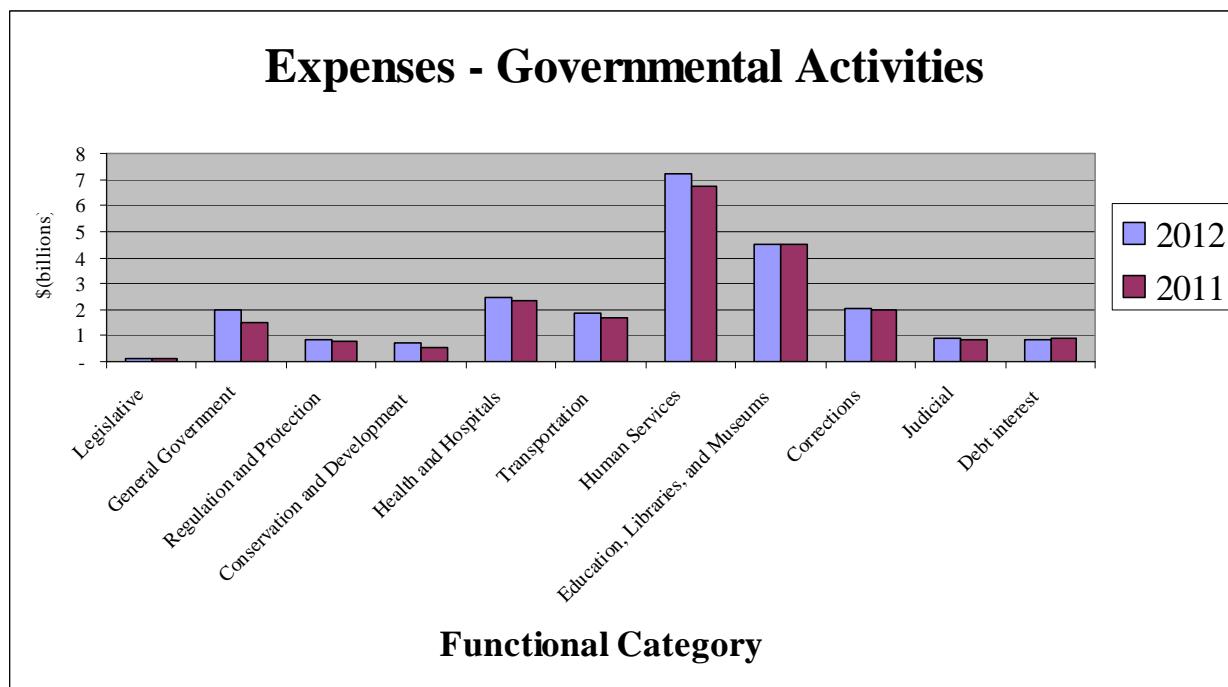
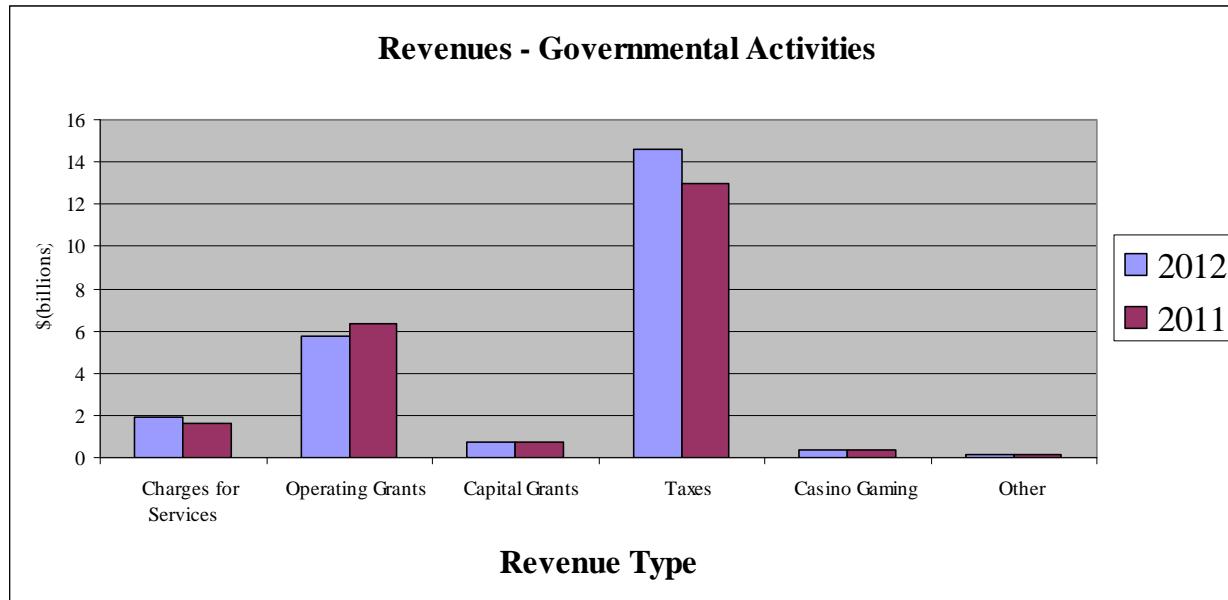
**State of Connecticut's Changes in Net Assets  
(Expressed in Millions)**

	Governmental Activities		Business-Type Activities		Total		%change 12-11
	2012	2011*	2012	2011	2012	2011*	
<b>REVENUES</b>							
Program Revenues							
Charges for Services	\$ 1,952	\$ 1,647	\$ 3,617	\$ 3,416	\$ 5,569	\$ 5,063	10.0%
Operating Grants and Contributions	5,771	6,350	1,412	1,790	7,183	8,140	-11.8%
Capital Grants and Contributions	716	725	18	40	734	765	-4.1%
General Revenues							
Taxes	14,585	12,960	-	-	14,585	12,960	12.5%
Casino Gaming Payments	345	360	-	-	345	360	-4.2%
Other	140	141	28	31	168	172	-2.3%
<b>Total Revenues</b>	<b>23,509</b>	<b>22,183</b>	<b>5,075</b>	<b>5,277</b>	<b>28,584</b>	<b>27,460</b>	<b>4.1%</b>
<b>EXPENSES</b>							
Legislative	114	101	-	-	114	101	12.9%
General Government	1,988	1,529	-	-	1,988	1,529	30.0%
Regulation and Protection	853	790	-	-	853	790	8.0%
Conservation and Development	693	536	-	-	693	536	29.3%
Health and Hospitals	2,476	2,331	-	-	2,476	2,331	6.2%
Transportation	1,846	1,657	-	-	1,846	1,657	11.4%
Human Services	7,223	6,764	-	-	7,223	6,764	6.8%
Education, Libraries and							
Museums	4,496	4,520	-	-	4,496	4,520	-0.5%
Corrections	2,061	1,958	-	-	2,061	1,958	5.3%
Judicial	910	838	-	-	910	838	8.6%
Interest and Fiscal Charges	816	874	-	-	816	874	-6.6%
University of Connecticut &							
Health Center	-	-	1,802	1,807	1,802	1,807	-0.3%
State Universities	-	-	652	652	652	652	0.0%
Bradley International Airport	-	-	64	68	64	68	-5.9%
CT Lottery Corporation	-	-	781	738	781	738	5.8%
Employment Security	-	-	1,823	2,307	1,823	2,307	-21.0%
Clean Water	-	-	53	45	53	45	17.8%
Other	-	-	536	543	536	543	-1.3%
<b>Total Expenses</b>	<b>23,476</b>	<b>21,898</b>	<b>5,711</b>	<b>6,160</b>	<b>29,187</b>	<b>28,058</b>	<b>4.0%</b>
Excess (Deficiency)							
Before Transfers	33	285	(636)	(883)	(603)	(598)	0.8%
Transfers	(918)	(791)	918	791	-	-	0.0%
<i>Increase (Decrease) in</i>							
<i>Net Assets</i>	(885)	(506)	282	(92)	(603)	(598)	0.8%
Net Assets (Deficit) -							
Beginning (as restated)	(14,146)	(13,640)	4,193	4,285	(9,953)	(9,355)	6.4%
<b>Net Assets (Deficit) - Ending</b>	<b>\$ (15,031)</b>	<b>\$ (14,146)</b>	<b>\$ 4,475</b>	<b>\$ 4,193</b>	<b>\$ (10,556)</b>	<b>\$ (9,953)</b>	<b>6.1%</b>

\*Restated for comparative purposes. See note 23.

## GOVERNMENTAL ACTIVITIES

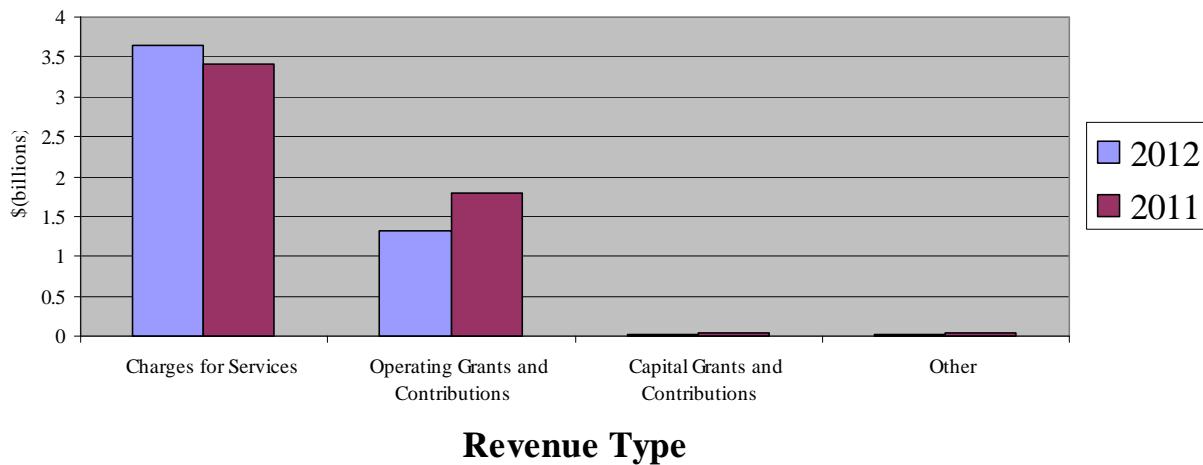
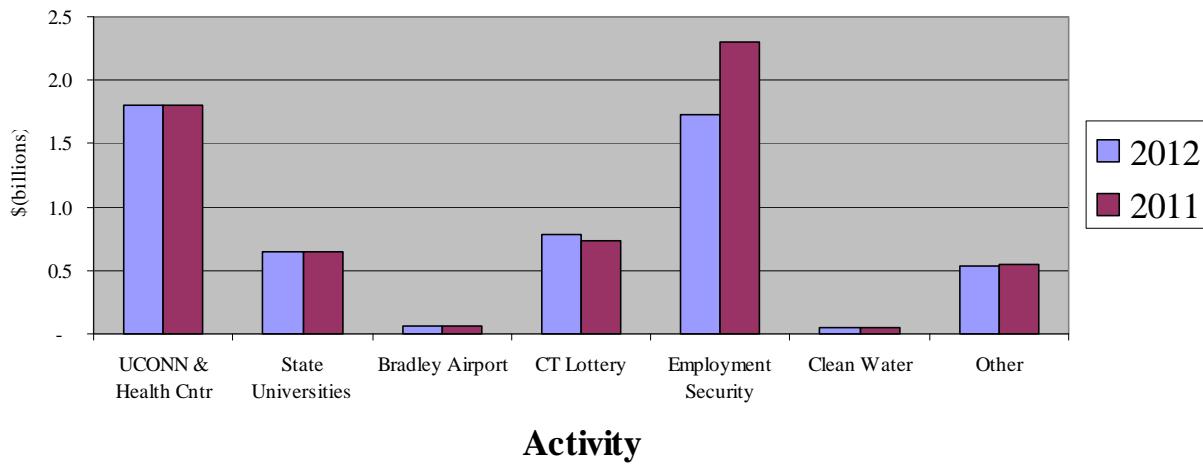
The following charts provide a two-year comparison of governmental activities revenues and expenses.



During the year, total revenues of governmental activities increased 6.0 percent to \$23.5 billion, while total expenses increased 7.2 percent to \$23.5 billion. In comparison, last year total revenues increased 7.2 percent, while total expenses decreased 4.6 percent. The increase in total revenues of \$1.3 billion was due mainly to an increase in taxes of \$1.6 billion or 12.5 percent. The increase in total expenditures of \$1.6 billion was due mainly to an increase in general government and human services expenditures of \$1.0 billion or 11.1 percent. Although, total revenues exceeded total expenses by \$33 million, this excess was reduced by transfers of \$918 million, resulting in a decrease in net assets of \$885 million.

**BUSINESS-TYPE ACTIVITIES**

The following charts provide a two-year comparison of business-type activities revenues and expenses.

**Revenues - Business-Type Activities****Expenses - Business-Type Activities**

During the year, total revenues of business-type activities decreased 3.8 percent to \$5.1 billion, while total expenses decreased 7.3 percent to \$5.7 billion. In comparison, last year total revenues increased 2.2 percent, while total expenses decreased 4.1 percent. The decrease in total expenses of \$449 million was due mainly to a decrease in Employment Security expenses of \$484 million or 21.0 percent. Although, total expenses exceeded total revenues by \$636 million, this deficiency was reduced by transfers of \$918 million, resulting in an increase in net assets of \$282 million.

## **FINANCIAL ANALYSIS OF THE STATE'S FUNDS**

### **Governmental Funds**

The focus of the State's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the State's financing requirements. In particular, unassigned fund balance serves as a useful measure of the State's net resources available for spending at the end of the fiscal year.

As of June 30, 2012, the State's governmental funds had fund balances of \$1.7 billion, showing a slight improvement over the prior year ending fund balances. Of the total governmental fund balances, \$2.5 billion represents fund balance that is considered restricted for specific purposes by external constraints or enabling legislation; \$0.1 billion represents fund balance that is non-spendable; \$0.2 billion represents fund balance that is committed or assigned for specific purposes by the Legislature and \$1.1 billion represents unassigned fund balance deficit.

#### **General Fund**

The General Fund is the chief operating fund of the State. As of June 30, 2012, the General Fund had a fund balance deficit of \$0.9 billion. Of this amount, \$0.2 billion represents fund balance that is non-spendable or committed for specific purposes by the Legislature, leaving a deficit of \$1.1 billion in unassigned fund balance. Fund balance deficit decreased by \$212 million during the current fiscal year.

#### **Debt Service Fund**

As of June 30, 2012, the Debt Service Fund had a fund balance of \$703 million, all of which was restricted. Fund balance decreased by \$5 million during the current fiscal year.

#### **Transportation Fund**

As of June 30, 2012, the Transportation Fund had a fund balance of \$209 million. Of this amount, \$31 million was in nonspendable form and \$178 million was restricted for specific purposes. Fund balance increased by \$39 million during the current fiscal year.

#### **Restricted Grants and Accounts Fund**

As of June 30, 2012, the Restricted Grants and Accounts Fund had a fund balance of \$394 million, all of which was restricted for specific purposes. Fund balance decreased by \$50 million during the fiscal year.

#### **Proprietary Funds**

The State's Proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Accordingly, a discussion of the financial activities of the Proprietary funds has been provided in that section.

#### **Fiduciary Funds**

The State maintains Fiduciary funds for the assets of Pension and Other Employee Benefit Trust funds, an Investment Trust fund, and a Private-Purpose Trust fund. As of June 30, 2012, the net assets of the State's

Fiduciary funds totaled \$24.9 billion, a decrease of \$0.9 billion when compared to the prior year ending net asset balance.

### **Budgetary Highlights-General Fund**

For fiscal year 2012, the General Fund had an estimated budget surplus of \$81 million at the start of the fiscal year. However, due to continued slow economic recovery during the fiscal year, the fund had, instead, an estimated budget deficit of \$120 million by the end of the fiscal year. The budget was balanced by the State Legislature mandating the release of the fund's 2011 surplus reserve.

Although actual fund expenditures exceeded revenues by \$220 million, this deficiency was reduced by other financing sources of \$220 million (including the release of the fund's 2011 surplus reserve of \$143 million), resulting in a balanced budget for the fiscal year.

Actual revenues were lower than originally budgeted by \$227 million for the fiscal year. This decrease in estimated revenue resulted mainly from a decrease in estimated tax revenue of \$215 million, mainly personal income taxes. For the fiscal year, there was no significant difference between final and original budgeted appropriations.

### **CAPITAL ASSETS AND DEBT ADMINISTRATION**

#### **Capital Assets**

The State's investment in capital assets for its governmental and business-type activities as of June 30, 2012 totaled \$14.6 billion (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings, equipment, infrastructure, and construction in progress. The net increase in the State's investment in capital assets for the fiscal year was \$171 million, due mainly to an increase in business-type activities' capital assets of \$129 million or 3.7 percent.

Major capital asset events for governmental activities during the fiscal year included the following:

- Additions to equipment and infrastructure of \$854 million
- Depreciation expense of \$926 million

The following table is a two-year comparison of the investment in capital assets presented for both governmental and business-type activities:

**State of Connecticut's Capital Assets  
(Net of Depreciation, in Millions)**

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Land	\$ 1,639	\$ 1,595	\$ 65	\$ 65	\$ 1,704	\$ 1,660
Buildings	1,449	1,476	2,512	2,515	3,961	3,991
Improvements Other than Buildings	167	176	245	247	412	423
Equipment	66	154	352	346	418	500
Infrastructure	5,060	5,183	-	-	5,060	5,183
Construction in Progress	2,585	2,340	423	295	3,008	2,635
Total	\$ 10,966	\$ 10,924	\$ 3,597	\$ 3,468	\$ 14,563	\$ 14,392

Additional information on the State's capital assets can be found in Note 10 of this report.

**Long-Term Debt**  
**Bonded Debt**

At the end of the current fiscal year, the State had total bonded debt of \$20.2 billion. Pursuant to various public and special acts, the State has authorized the issuance of the following types of debt: general obligation debt (payable from the General Fund), special tax obligation debt (payable from the Debt Service Fund), and revenue debt (payable from specific revenues of the Enterprise funds).

The following table is a two-year comparison of bonded debt presented for both governmental and business-type activities:

**State of Connecticut's Bonded Debt (in millions)**  
**General Obligation and Revenue Bonds**

	Governmental Activities		Business-Type Activities		Total	
			2012	2011		
		2012	2011	2012	2011	2012
General Obligation Bonds	\$ 13,965	\$ 13,794	\$ -	\$ -	\$ 13,965	\$ 13,794
Transportation Related Bonds	3,287	3,358	-	-	3,287	3,358
Revenue Bonds	-	-	1,439	1,556	1,439	1,556
Long-Term Notes	748	916	-	-	748	916
Premiums and deferred amounts	709	526	46	51	755	577
Total	<u>\$ 18,709</u>	<u>\$ 18,594</u>	<u>\$ 1,485</u>	<u>\$ 1,607</u>	<u>\$ 20,194</u>	<u>\$ 20,201</u>

The State's total bonded debt for fiscal year 2012 remained almost unchanged when compared to the prior year balance.

Section 3-21 of the Connecticut General Statutes provides that the total amount of bonds, notes or other evidences of indebtedness payable from General Fund tax receipts authorized by the General Assembly but have not been issued and the total amount of such indebtedness which has been issued and remains outstanding shall not exceed 1.6 times the total estimated General Fund tax receipts of the State for the current fiscal year. In computing the indebtedness at any time, revenue anticipation notes, refunded indebtedness, bond anticipation notes, tax increment financing, budget deficit bonding, revenue bonding, balances in debt retirement funds and other indebtedness pursuant to certain provisions of the General Statutes shall be excluded from the calculation. As of February 2012, the State had a debt incurring margin of \$7.3 billion.

**Other Long-Term Debt**

**State of Connecticut's Other Long - Term Debt (in Millions)**

	Governmental Activities		Business-Type Activities		Total	
			2012	2011		
		2012	2011	2012	2011	2012
Net Pension Obligation	\$ 2,496	\$ 2,447	\$ -	\$ -	\$ 2,496	\$ 2,447
Net OPEB Obligation	5,756	4,960	-	-	5,756	4,960
Compensated Absences	542	560	156	155	698	715
Workers Compensation	560	511	-	-	560	511
Lottery Prizes	-	-	138	162	138	162
Federal Loan Payable	-	-	632	810	632	810
Other	113	122	191	183	304	305
Total	<u>\$ 9,467</u>	<u>\$ 8,600</u>	<u>\$ 1,117</u>	<u>\$ 1,310</u>	<u>\$ 10,584</u>	<u>\$ 9,910</u>

\* Restated for comparative purposes. See note 23.

The State's other long-term obligations increased by \$674 million (6.8 percent) during the fiscal year. This increase was due mainly to an increase in the net OPEB obligation (Governmental activities) of \$796 million or 16.0 percent. Additional information on the State's long-term debt can be found in Notes 17 and 18 of this report.

### **Economic Factors and Next Year's Budget**

The national economy as measured by real GDP grew at a moderate rate of just over 2 percent on an averaged quarterly basis during Fiscal Year 2012. Growth slowed during the first half of Fiscal Year 2013.

Connecticut added 7,300 payroll jobs in Fiscal Year 2012. This compares to 12,500 job additions in Fiscal Year 2011. The State's unemployment rate peaked at 9.4 percent in August of 2010. The unemployment rate was 8.1 percent at the close of Fiscal Year 2012. During the fiscal year, the State's strongest employment sector was education and health services with the addition of 11,700 payroll jobs, followed by transportation and public utilities with 3,000 job additions. The most significant job losses were in the government and financial activities sectors down 3,000 jobs and 4,400 jobs respectively.

At the close of Fiscal Year 2012, Connecticut's personal income was growing at a rate of 2 percent from the same period one year ago. During that same time period wage and salary income grew at about the same rate.

Nationally, retail sales were expanding at a 3.5 percent rate at the close of Fiscal Year 2012. Connecticut's sales tax receipts were up 14.2 percent over the prior fiscal year due primarily to an expansion of taxable categories. Connecticut's strong export sector closed Fiscal Year 2012 up almost 17 percent from the close of the prior year.

The housing market in the Northeast continued a slow recovery with existing home sales at the close of Fiscal Year 2012 advancing 1.9 percent from a year ago with prices up 1.8 percent.

For fiscal year 2013, the budget for the General Fund had an estimated \$3.1 million surplus at the start of the fiscal year. Budgeted revenues were expected to increase 1.9 percent to \$19.1 billion, while budgeted appropriations were expected to increase 2.3 percent to \$19.1 billion. By the end of the second quarter of the fiscal year, the General fund had, instead, an estimated budget deficit of \$64.4 million due mainly to a decrease in estimated budgeted revenue of \$163.7 million.

### **CONTACTING THE STATE'S OFFICES OF FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the State's finances and to demonstrate the State's accountability for the money it receives. If you have any questions about this report, please contact the State Comptroller's Office at 1-860-702-3350.

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*Basic  
Financial  
Statements*

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**Connecticut**

**Statement of Net Assets**

June 30, 2012

(Expressed in Thousands)

	<b>Primary Government</b>			
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>	<b>Component Units</b>
<b>Assets</b>				
Current Assets:				
Cash and Cash Equivalents	\$ 421,874	\$ 715,380	\$ 1,137,254	\$ 203,543
Deposits with U.S. Treasury	-	198,965	198,965	-
Investments	113,087	52,630	165,717	354,474
Receivables, (Net of Allowances)	2,364,105	811,354	3,175,459	47,505
Due from Primary Government	-	-	-	7,259
Inventories	47,959	14,238	62,197	6,479
Restricted Assets	-	176,427	176,427	1,629,369
Internal Balances	(189,659)	189,659	-	-
Other Current Assets	16,784	14,650	31,434	6,994
Total Current Assets	<u>2,774,150</u>	<u>2,173,303</u>	<u>4,947,453</u>	<u>2,255,623</u>
Noncurrent Assets:				
Cash and Cash Equivalents	-	355,034	355,034	-
Due From Component Units	23,206	-	23,206	-
Investments	-	171,261	171,261	54,042
Receivables, (Net of Allowances)	334,694	734,490	1,069,184	181,145
Restricted Assets	703,376	575,117	1,278,493	4,700,842
Capital Assets, (Net of Accumulated Depreciation)	10,965,884	3,596,806	14,562,690	407,702
Other Noncurrent Assets	109,135	61,081	170,216	22,438
Total Noncurrent Assets	<u>12,136,295</u>	<u>5,493,789</u>	<u>17,630,084</u>	<u>5,366,169</u>
Total Assets	<u>14,910,445</u>	<u>7,667,092</u>	<u>22,577,537</u>	<u>7,621,792</u>
<b>Liabilities</b>				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	682,804	279,718	962,522	61,161
Due to Component Units	7,259	-	7,259	-
Due to Other Governments	197,067	2,558	199,625	-
Current Portion of Long-Term Obligations	1,733,056	194,583	1,927,639	297,672
Amount Held for Institutions	-	-	-	571,404
Deferred Revenue	12,727	229,005	241,732	9,383
Medicaid Liability	547,110	-	547,110	-
Liability for Escheated Property	242,216	-	242,216	-
Other Current Liabilities	76,470	77,859	154,329	31,950
Total Current Liabilities	<u>3,498,709</u>	<u>783,723</u>	<u>4,282,432</u>	<u>971,570</u>
Noncurrent Liabilities:				
Non-Current Portion of Long-Term Obligations	26,442,600	2,408,318	28,850,918	4,706,120
Total Noncurrent Liabilities	<u>26,442,600</u>	<u>2,408,318</u>	<u>28,850,918</u>	<u>4,706,120</u>
Total Liabilities	<u>29,941,309</u>	<u>3,192,041</u>	<u>33,133,350</u>	<u>5,677,690</u>
<b>Net Assets</b>				
Invested in Capital Assets, Net of Related Debt	5,305,440	2,953,034	8,258,474	267,569
Restricted For:				
Transportation	119,222	-	119,222	-
Debt Service	664,714	25,827	690,541	20,292
Federal Grants and Other Accounts	407,731	-	407,731	-
Capital Projects	236,469	261,102	497,571	-
Clean Water and Drinking Water Projects	-	618,956	618,956	-
Bond Indenture Requirements	-	2,109	2,109	993,296
Loans	-	3,506	3,506	-
Permanent Investments or Endowments:				
Expendable	940	-	940	93,929
Nonexpendable	100,659	11,994	112,653	283,329
Other Purposes	112,238	182,206	294,444	46,652
Unrestricted (Deficit)	<u>(21,978,277)</u>	<u>416,317</u>	<u>(21,561,960)</u>	<u>239,035</u>
Total Net Assets (Deficit)	<u>\$ (15,030,864)</u>	<u>\$ 4,475,051</u>	<u>\$ (10,555,813)</u>	<u>\$ 1,944,102</u>

*The accompanying notes are an integral part of the financial statements.*

***Connecticut***

**Statement of Activities**

For The Fiscal Year Ended June 30, 2012

(Expressed in Thousands)

<u>Functions/Programs</u>	<u>Program Revenues</u>			
	<u>Expenses</u>	<u>Charges for Services, Fees, Fines , and Other</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>Primary Government</b>				
Governmental Activities:				
Legislative	\$ 113,982	\$ 2,675	\$ -	\$ -
General Government	1,987,920	799,397	136,022	-
Regulation and Protection	853,458	630,710	218,408	-
Conservation and Development	692,719	133,480	82,124	-
Health and Hospitals	2,475,759	92,292	157,810	-
Transportation	1,845,656	69,733	-	716,056
Human Services	7,223,118	48,581	4,483,698	-
Education, Libraries, and Museums	4,495,905	33,625	581,254	-
Corrections	2,061,176	9,240	99,771	-
Judicial	910,362	132,309	11,848	-
Interest and Fiscal Charges	816,508	-	-	-
Total Governmental Activities	<u>23,476,563</u>	<u>1,952,042</u>	<u>5,770,935</u>	<u>716,056</u>
Business-Type Activities:				
University of Connecticut & Health Center	1,801,687	1,050,683	220,229	2,768
State Universities	652,092	366,053	62,062	2,856
Bradley International Airport	64,170	64,131	-	5,761
Connecticut Lottery Corporation	781,303	1,081,812	-	-
Employment Security	1,823,464	873,957	993,799	-
Clean Water	53,330	22,854	22,918	-
Other	535,646	158,324	113,347	6,704
Total Business-Type Activities	<u>5,711,692</u>	<u>3,617,814</u>	<u>1,412,355</u>	<u>18,089</u>
Total Primary Government	<u>\$ 29,188,255</u>	<u>\$ 5,569,856</u>	<u>\$ 7,183,290</u>	<u>\$ 734,145</u>
<b>Component Units</b>				
Connecticut Housing Finance Authority (12-31-11)	\$ 225,580	\$ 213,853	\$ -	\$ -
Connecticut Health and Educational Facilities Authority	5,934	7,079	-	-
Other	<u>289,552</u>	<u>281,526</u>	<u>19,888</u>	<u>16,609</u>
Total Component Units	<u>\$ 521,066</u>	<u>\$ 502,458</u>	<u>\$ 19,888</u>	<u>\$ 16,609</u>
General Revenues:				
Taxes:				
Personal Income				
Corporate Income				
Sales and Use				
Other				
Restricted for Transportation Purposes:				
Motor Fuel				
Other				
Casino Gaming Payments				
Tobacco Settlement				
Unrestricted Investment Earnings				
Contributions to Endowments				
Transfers-Internal Activities				
Total General Revenues, Contributions, and Transfers				
Change in Net Assets				
Net Assets (Deficit)- Beginning (as restated)				
Net Assets (Deficit)- Ending				

*The accompanying notes are an integral part of the financial statements.*

***Connecticut***

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**Net (Expense) Revenue and Changes in Net Assets**

<b>Primary Government</b>			
<b><u>Governmental Activities</u></b>	<b><u>Business-Type Activities</u></b>	<b><u>Total</u></b>	<b><u>Component Units</u></b>
\$ (111,307)	\$ -	\$ (111,307)	\$ -
(1,052,501)	- (4,340)	(1,052,501) (4,340)	- -
(477,115)	- (2,225,657)	(477,115) (2,225,657)	- -
(2,225,657)	- (1,059,867)	(2,225,657) (1,059,867)	- -
(1,059,867)	- (2,690,839)	(1,059,867) (2,690,839)	- -
(2,690,839)	- (3,881,026)	(2,690,839) (3,881,026)	- -
(3,881,026)	- (1,952,165)	(3,881,026) (1,952,165)	- -
(1,952,165)	- (766,205)	(1,952,165) (766,205)	- -
(766,205)	- (816,508)	(766,205) (816,508)	- -
<u>(15,037,530)</u>	<u>-</u>	<u>(15,037,530)</u>	<u>-</u>
- (528,007)	(528,007)	(528,007)	- -
- (221,121)	(221,121)	(221,121)	- -
- 5,722	5,722	5,722	- -
- 300,509	300,509	300,509	- -
- 44,292	44,292	44,292	- -
- (7,558)	(7,558)	(7,558)	- -
<u>- (257,271)</u>	<u>(257,271)</u>	<u>(257,271)</u>	<u>- -</u>
- (663,434)	(663,434)	(663,434)	- -
<u>(15,037,530)</u>	<u>(663,434)</u>	<u>(15,700,964)</u>	<u>- -</u>
- -	- -	- -	(11,727)
- -	- -	- -	1,145
- -	- -	- -	28,471
<u>- -</u>	<u>- -</u>	<u>- -</u>	<u>17,889</u>
7,360,165	- -	7,360,165	- -
601,509	- -	601,509	- -
3,880,607	- -	3,880,607	- -
1,953,170	- -	1,953,170	- -
713,477	- -	713,477	- -
76,618	- -	76,618	- -
344,645	- -	344,645	- -
123,799	- -	123,799	- -
15,955	27,679	43,634	65,531
- -	- -	- -	37,937
<u>(917,570)</u>	<u>917,570</u>	<u>- -</u>	<u>- -</u>
14,152,375	945,249	15,097,624	103,468
(885,155)	281,815	(603,340)	121,357
<u>(14,145,709)</u>	<u>4,193,236</u>	<u>(9,952,473)</u>	<u>1,822,745</u>
<u>\$ (15,030,864)</u>	<u>\$ 4,475,051</u>	<u>\$ (10,555,813)</u>	<u>\$ 1,944,102</u>

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## ***Governmental Fund Financial Statements***

### ***Major Funds***

#### ***General Fund:***

This fund is the State's general operating fund. It accounts for the financial resources and transactions not accounted for in other funds.

#### ***Debt Service Fund:***

This fund is used to account for the accumulation of resources for and the payment of, principal and interest on special tax obligation bonds of the Transportation fund.

#### ***Transportation Fund:***

to account for motor vehicle taxes, receipts and transportation related federal revenues collected for the purposes of payment of debt service requirements and budgeted appropriations made to the Department of Transportation. The Department of Transportation is responsible for all aspects of the planning, development, maintenance, and improvement of transportation in the state.

#### ***Restricted Grants and Accounts Fund:***

This fund is used to account for resources which are restricted by Federal and other providers to be spent for specific purposes.

#### ***Nonmajor Funds:***

Nonmajor governmental funds are presented, by fund type beginning on page 94.

**Balance Sheet**  
**Governmental Funds**

June 30, 2012

(Expressed in Thousands)

	<u>General</u>	<u>Debt Service</u>	<u>Transportation</u>	<u>Restricted Grants &amp; Accounts</u>	<u>Other Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>						
Cash and Cash Equivalents	\$ -	\$ -	\$ 155,401	\$ 8,326	\$ 248,920	\$ 412,647
Investments	7,033	-	-	-	106,054	113,087
Securities Lending Collateral	-	-	-	-	16,298	16,298
Receivables:						
Taxes, Net of Allowances	1,340,523	-	44,031	-	-	1,384,554
Accounts, Net of Allowances	275,855	-	8,206	40,224	23,934	348,219
Loans, Net of Allowances	3,419	-	-	13,246	318,029	334,694
From Other Governments	364,240	-	-	248,119	7,892	620,251
Interest	-	284	29	-	-	313
Other	-	-	-	-	3	3
Due from Other Funds	19,041	-	284	302,589	847,755	1,169,669
Due from Component Units	23,206	-	-	-	-	23,206
Inventories	13,622	-	30,670	-	-	44,292
Restricted Assets	-	703,376	-	-	-	703,376
Total Assets	<u>\$ 2,046,939</u>	<u>\$ 703,660</u>	<u>\$ 238,621</u>	<u>\$ 612,504</u>	<u>\$ 1,568,885</u>	<u>\$ 5,170,609</u>
<b>Liabilities and Fund Balances</b>						
<b>Liabilities</b>						
Accounts Payable and Accrued Liabilities	\$ 259,118	\$ -	\$ 26,225	\$ 156,838	\$ 63,375	\$ 505,556
Due to Other Funds	1,202,419	284	-	1,985	150,179	1,354,867
Due to Component Units	-	-	-	230	7,029	7,259
Due to Other Governments	176,563	-	-	20,504	-	197,067
Deferred Revenue	472,562	-	3,465	38,276	34,872	549,175
Medicaid Liability	547,110	-	-	-	-	547,110
Liability For Escheated Property	242,216	-	-	-	-	242,216
Securities Lending Obligation	-	-	-	-	16,298	16,298
Other Liabilities	59,372	-	-	800	-	60,172
Total Liabilities	<u>2,959,360</u>	<u>284</u>	<u>29,690</u>	<u>218,633</u>	<u>271,753</u>	<u>3,479,720</u>
<b>Fund Balances</b>						
Nonspendable:						
Inventories/Long-Term Receivables	40,247	-	30,670	-	-	70,917
Permanent Fund Principal	-	-	-	-	100,659	100,659
Restricted For:						
Debt Service	-	703,376	-	-	-	703,376
Transportation Programs	-	-	178,261	-	-	178,261
Federal Grant and State Programs	-	-	-	393,871	-	393,871
Other	-	-	-	-	1,179,144	1,179,144
Committed For:						
Continuing Appropriations	99,931	-	-	-	-	99,931
Budget Reserve Fund	93,454	-	-	-	-	93,454
Assigned To:						
Other	-	-	-	-	22,770	22,770
Unassigned	<u>(1,146,053)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,441)</u>	<u>(1,151,494)</u>
Total Fund Balances	<u>(912,421)</u>	<u>703,376</u>	<u>208,931</u>	<u>393,871</u>	<u>1,297,132</u>	<u>1,690,889</u>
Total Liabilities and Fund Balances	<u>\$ 2,046,939</u>	<u>\$ 703,660</u>	<u>\$ 238,621</u>	<u>\$ 612,504</u>	<u>\$ 1,568,885</u>	<u>\$ 5,170,609</u>

*The accompanying notes are an integral part of the financial statements.*

## **Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Assets**

June 30, 2012

(Expressed in Thousands)

Total Fund Balance - Governmental Funds	\$ 1,690,889
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Net assets reported for governmental activities in the Statement of Net Assets

are different because:

Capital assets used in governmental activities are not financial resources  
and therefore are not reported in the funds. These assets consist of:

Buildings	3,303,418
Equipment	1,983,310
Infrastructure	13,023,800
Other Capital Assets	4,704,036
Accumulated Depreciation	<u>(12,079,317)</u> 10,935,247

Debt issue costs are recorded as expenditures in the funds. However,  
these costs are deferred (reported as other assets) and amortized over the  
life of the bonds in the Statement of Net Assets.

84,179

Some of the state's revenues will be collected after year-end but are not  
available soon enough to pay for the current period's expenditures  
and therefore are deferred in the funds.

536,878

Internal service funds are used by management to charge the costs of  
certain activities to individual funds. The assets and liabilities of the internal  
service funds are included in governmental activities in the Statement of  
Net Assets.

40,010

Long-term liabilities are not due and payable in the current period and therefore  
are not reported in the funds (Note 17).

Net Pension Obligation	(2,496,190)
Net OPEB Obligation	(5,755,731)
Worker's Compensation	(559,546)
Capital Leases	(42,759)
Compensated Absences	(540,069)
Claims and Judgments	<u>(44,942)</u> (9,439,237)

Long-term bonded debt is not due and payable in the current period and  
therefore is not reported in the funds. Unamortized premiums, loss on  
refundings, and interest payable are not reported in the funds. However,  
these amounts are included in the Statement of Net Assets. This is the net  
effect of these balances on the statement (Note 17).

Bonds and Notes Payable	(17,999,851)
Unamortized Premiums	(905,503)
Less: Deferred Loss on Refundings	196,629
Accrued Interest Payable	<u>(170,105)</u> (18,878,830)

Net Assets of Governmental Activities	\$ <u>(15,030,864)</u>
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*The accompanying notes are an integral part of the financial statements.*

**Statement of Revenues, Expenditures and  
Changes in Fund Balances  
Governmental Funds**

For The Fiscal Year Ended June 30, 2012

(Expressed in Thousands)

	<u>General</u>	<u>Debt Service</u>	<u>Transportation</u>	<u>Restricted Grants &amp; Accounts</u>	<u>Other Funds</u>	<b>Total Governmental Funds</b>
<b>Revenues</b>						
Taxes	\$ 13,923,530	\$ -	\$ 789,036	\$ -	\$ -	\$ 14,712,566
Licenses, Permits and Fees	281,637	-	316,528	14,248	45,033	657,446
Tobacco Settlement	-	-	-	-	123,799	123,799
Federal Grants and Aid	4,157,747	-	12,915	2,229,415	90,439	6,490,516
Charges for Services	35,011	-	67,409	-	4,907	107,327
Fines, Forfeits and Rents	432,681	-	18,458	-	1,219	452,358
Casino Gaming Payments	344,645	-	-	-	-	344,645
Investment Earnings	881	1,467	739	1,300	9,999	14,386
Miscellaneous	157,766	-	8,977	411,138	126,524	704,405
Total Revenues	<u>19,333,898</u>	<u>1,467</u>	<u>1,214,062</u>	<u>2,656,101</u>	<u>401,920</u>	<u>23,607,448</u>
<b>Expenditures</b>						
Current:						
Legislative	100,700	-	-	2,812	-	103,512
General Government	1,019,532	-	5,306	355,078	496,333	1,876,249
Regulation and Protection	375,724	-	83,806	150,625	173,847	784,002
Conservation and Development	187,270	-	-	126,179	349,374	662,823
Health and Hospitals	2,158,069	-	-	208,628	7,996	2,374,693
Transportation	-	-	709,982	820,387	4,428	1,534,797
Human Services	6,455,873	-	241	499,782	11,148	6,967,044
Education, Libraries, and Museums	3,588,451	-	-	578,408	18,309	4,185,168
Corrections	1,915,455	-	-	19,249	4,387	1,939,091
Judicial	798,826	-	-	14,629	44,884	858,339
Capital Projects	-	-	-	-	547,212	547,212
Debt Service:						
Principal Retirement	1,199,619	274,275	-	-	-	1,473,894
Interest and Fiscal Charges	606,924	177,780	2,183	153,307	6,908	947,102
Total Expenditures	<u>18,406,443</u>	<u>452,055</u>	<u>801,518</u>	<u>2,929,084</u>	<u>1,664,826</u>	<u>24,253,926</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>927,455</u>	<u>(450,588)</u>	<u>412,544</u>	<u>(272,983)</u>	<u>(1,262,906)</u>	<u>(646,478)</u>
<b>Other Financing Sources (Uses)</b>						
Bonds Issued	48,840	-	-	-	1,505,961	1,554,801
Premiums on Bonds Issued	1,704	143,569	-	-	168,442	313,715
Transfers In	413,529	442,888	82,915	223,070	80,829	1,243,231
Transfers Out	(1,155,607)	(2,666)	(459,282)	(331)	(557,615)	(2,175,501)
Refunding Bonds Issued	-	1,219,815	-	-	-	1,219,815
Payment to Refunded Bond Escrow Agent	(29,871)	(1,358,287)	-	-	-	(1,388,158)
Capital Lease Obligations	6,084	-	-	-	-	6,084
Total Other Financing Sources (Uses)	<u>(715,321)</u>	<u>445,319</u>	<u>(376,367)</u>	<u>222,739</u>	<u>1,197,617</u>	<u>773,987</u>
Net Change in Fund Balances	<u>212,134</u>	<u>(5,269)</u>	<u>36,177</u>	<u>(50,244)</u>	<u>(65,289)</u>	<u>127,509</u>
Fund Balances (Deficit) - Beginning (as restated)	<u>(1,124,605)</u>	<u>708,645</u>	<u>169,817</u>	<u>444,115</u>	<u>1,362,421</u>	<u>1,560,393</u>
Change in Reserve for Inventories	<u>50</u>	<u>-</u>	<u>2,937</u>	<u>-</u>	<u>-</u>	<u>2,987</u>
Fund Balances (Deficit) - Ending	<u>\$ (912,421)</u>	<u>\$ 703,376</u>	<u>\$ 208,931</u>	<u>\$ 393,871</u>	<u>\$ 1,297,132</u>	<u>\$ 1,690,889</u>

*The accompanying notes are an integral part of the financial statements.*

**Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities**

June 30, 2012

(Expressed in Thousands)

Net Change in Fund Balances - Total Governmental Funds	\$ 127,509
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Amounts reported for governmental activities in the Statement of Activities  
are different because:

Bond proceeds provide current financial resources to governmental funds. However,  
issuing debt increases long term-liabilities in the Statement of Net Assets. Bond  
proceeds were received this year from:

Bonds Issued	(1,554,801)
Refunding Bonds Issued	(1,219,815)
Premium on Bonds Issued	<u>(313,715)</u>
	<u>(3,088,331)</u>

Repayment of long-term debt is an expenditure in the governmental funds, but the  
repayment reduces long-term liabilities in the Statement of Net Assets. Long-term debt  
repayments this year consisted of:

Principal Retirement	1,473,894
Payments to Refunded Bond Escrow Agent (\$15,174 reported in debt service)	1,403,332
Capital Lease Payments	<u>6,320</u>
	<u>2,883,546</u>

Some capital assets acquired this year were financed with capital leases. The amount  
financed by leases is reported in the governmental funds as a source of financing, but  
lease obligations are reported as long-term liabilities on the Statement of activities

(6,084)

Capital outlays are reported as expenditures in the governmental funds. However, in the  
Statement of Activities the cost of those assets is allocated over their estimated useful  
lives and reported as depreciation expense. In the current period, these amounts and  
other reductions were as follows:

Capital Outlays	959,374
Depreciation Expense	(918,294)
Retirements	<u>(789)</u>
	<u>40,291</u>

Inventories are reported as expenditures in the governmental funds when purchased.  
However, in the Statement of Activities the cost of these assets is recognized when those  
assets are consumed. This is the amount by which purchases exceeded consumption of  
inventories.

2,987

Some expenses reported in the Statement of Activities do not require the use of current  
financial resources and therefore are not reported as expenditures in governmental  
funds. These activities consist of:

Decrease in Accrued Interest	17,012
Decrease in Interest Accreted on Capital Appreciation Debt	25,014
Amortization of Bond Premium	95,129
Amortization of Loss on Debt Refundings	(26,685)
Decrease in Compensated Absences Liability	17,139
Increase in Workers Compensation Liability	(48,133)
Decrease in Claims and Judgments Liability	11,285
Increase in Net Pension Obligation	(49,106)
Decrease in Net OPEB Obligation	<u>(795,784)</u>
	<u>(754,129)</u>

Because some revenues will not be collected for several months after the state's fiscal  
year ends, they are not considered "available" revenues and are deferred in the  
governmental funds. Deferred revenues decreased by this amount this year.

(98,471)

Internal service funds are used by management to charge the costs of certain activities,  
such as insurance and telecommunications, to individual funds. The net revenue  
(expense) of internal service funds is reported with the governmental activities.

2,577

Debt issue costs are recorded as expenditures in the governmental funds. However,  
these costs are amortized over the life of the bonds in the Statement of Activities.

In the current year, these amounts are:

Debt Issue Costs Payments	10,914
Amortization of Debt Issue Costs	<u>(5,964)</u>
	<u>4,950</u>

Change in Net Assets of Governmental Activities

\$ (885,155)

*The accompanying notes are an integral part of the financial statements.*

**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual - Non-GAAP Budgetary Basis**  
**General and Transportation Funds**

For the Fiscal Year Ended June 30, 2012

(Expressed in Thousands)

	<b>General Fund</b>			<b>Variance with Final Budget</b>	
	<b>Budget</b>		<b>Actual</b>		
	<b>Original</b>	<b>Final</b>			
<b>Revenues</b>					
Budgeted:					
Taxes, Net of Refunds	\$ 14,019,100	\$ 13,824,400	\$ 13,804,369	\$ (20,031)	
Casino Gaming Payments	375,500	344,600	344,645	45	
Licenses, Permits, and Fees	271,200	283,400	283,414	14	
Other	329,700	350,700	351,360	660	
Federal Grants	3,589,700	3,607,500	3,607,163	(337)	
Refunds of Payments	(38,300)	(83,500)	(85,376)	(1,876)	
Operating Transfers In	384,500	409,900	409,857		
Operating Transfers Out	(61,800)	(61,800)	(61,800)	-	
Transfer from the Resources of the General Fund	(81,000)	(81,000)	(91,999)	(10,999)	
Transfer Out - Transportation Strategy Board	-	-	-	-	
Total Revenues	<u>18,788,600</u>	<u>18,594,200</u>	<u>18,561,633</u>	<u>(32,524)</u>	
<b>Expenditures</b>					
Budgeted:					
Legislative	80,446	80,610	67,344	13,266	
General Government	661,517	662,642	609,239	53,403	
Regulation and Protection	284,489	287,908	262,898	25,010	
Conservation and Development	152,430	152,810	137,294	15,516	
Health and Hospitals	1,896,260	1,853,068	1,792,435	60,633	
Transportation	609	609	-	609	
Human Services	5,842,672	5,938,497	5,817,369	121,128	
Education, Libraries, and Museums	4,329,820	4,333,551	4,235,428	98,123	
Corrections	1,576,670	1,545,640	1,472,685	72,955	
Judicial	576,941	579,284	545,650	33,634	
Non Functional	4,284,777	4,258,046	3,841,292	416,754	
Total Expenditures	<u>19,686,631</u>	<u>19,692,665</u>	<u>18,781,634</u>	<u>911,031</u>	
Appropriations Lapsed	<u>777,912</u>	<u>771,121</u>	<u>-</u>	<u>(771,121)</u>	
Excess (Deficiency) of Revenues Over Expenditures	<u>(120,119)</u>	<u>(327,344)</u>	<u>(220,001)</u>	<u>107,343</u>	
<b>Other Financing Sources (Uses)</b>					
Prior Year Appropriations Carried Forward	200,985	200,985	200,985	-	
Appropriations Continued to Fiscal Year 2013	-	-	(130,351)	(130,351)	
Release of 2011 Surplus Reserve	-	-	143,517	143,517	
Miscellaneous Adjustments	-	5,850	5,850	-	
Total Other Financing Sources (Uses)	<u>200,985</u>	<u>206,835</u>	<u>220,001</u>	<u>13,166</u>	
Net Change in Fund Balance	<u>\$ 80,866</u>	<u>\$ (120,509)</u>	<u>-</u>	<u>\$ 120,509</u>	
Budgetary Fund Balances - July 1			442,141		
Changes in Reserves			(307,566)		
Budgetary Fund Balances - June 30			<u>\$ 134,575</u>		

*The accompanying notes are an integral part of the financial statements.*

**Transportation Fund**

	<b>Budget</b>				<b>Variance with Final Budget</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>		<u>positive (negative)</u>
\$	798,600	\$ 788,300	\$ 789,306	\$ 1,006	
	-	-	-	-	
381,300		372,000	371,420	(580)	
12,500		2,000	2,208	208	
13,100		12,900	12,915	15	
(3,100)		(3,000)	(2,979)	21	
81,900		81,900	81,550	(350)	
(6,500)		(6,500)	(6,500)	-	
	-	-	-	-	
(15,300)		(15,300)	(15,000)	300	
<u>1,262,500</u>	<u>1,232,300</u>	<u>1,232,920</u>		<u>620</u>	
	-	-	-	-	
7,157		7,157	5,396	1,761	
69,965		69,965	54,028	15,937	
-		-	-	-	
-		-	-	-	
613,147		613,147	551,211	61,936	
131		140	139	1	
-		-	-	-	
-		-	-	-	
-		-	-	-	
<u>665,622</u>	<u>665,613</u>	<u>582,634</u>		<u>82,979</u>	
1,356,022		1,356,022	1,193,408	162,614	
<u>53,536</u>	<u>120,995</u>	<u>-</u>		<u>(120,995)</u>	
(39,986)		(2,727)	39,512	42,239	
40,554		40,554	40,554	-	
-		-	(41,615)	(41,615)	
-		-	-	-	
-		-	-	-	
<u>40,554</u>	<u>40,554</u>	<u>(1,061)</u>		<u>(41,615)</u>	
<u>\$ 568</u>	<u>\$ 37,827</u>	<u>38,451</u>		<u>\$ 624</u>	
		147,919			
			1,061		
			<u>\$ 187,431</u>		

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## ***Proprietary Fund Financial Statements***

### ***Major Funds***

#### ***University of Connecticut and Health Center:***

This fund is used to account for the operations of the University of Connecticut a comprehensive institution of higher education, which includes the University of Connecticut Health Center and John Dempsey Hospital.

#### ***State Universities:***

This fund is used to account for the operations of the State University System which consist of four universities: Central, Eastern, Southern, and Western.

#### ***Bradley International Airport:***

The airport is owned by the State of Connecticut and is operated by the Bureau of Aviation and Ports of the State of Connecticut, Department of Transportation and the Board of Directors of the Airport. In 1982, the State issued the Airport, 1982 series Revenue Bonds in the aggregate principal amount of \$100,000,000 and established the Airport as an enterprise fund. The State also donated in the same year capital assets having a net book value of \$33.3 million to the enterprise fund.

#### ***The Connecticut Lottery Corporation:***

The Connecticut Lottery Corporation, a public instrumentality and political subdivision of the State of Connecticut was created on July 1, 1996 for the purpose of generating revenues for the State of Connecticut's General Fund through the operation of a lottery.

#### ***Employment Security:***

to account for the collection of unemployment insurance premiums from employers and the payment of unemployment benefits to eligible claimants.

#### ***Clean Water:***

to account for resources used to provide loans to municipalities to finance waste water treatment projects.

#### ***Nonmajor Funds:***

Nonmajor proprietary funds are presented, by fund type beginning on page 116.

**Statement of Net Assets**

**Proprietary Funds**

June 30, 2012

(Expressed in Thousands)

	<b>Business-Type Activities</b>			
	<b>Enterprise Funds</b>			
	<u>University of Connecticut &amp; Health Center</u>	<u>State Universities</u>	<u>Bradley International Airport</u>	<u>Connecticut Lottery Corporation</u>
<b>Assets</b>				
Current Assets:				
Cash and Cash Equivalents	\$ 347,139	\$ 179,587	\$ 22,929	\$ 31,128
Deposits with U.S. Treasury	-	-	-	-
Investments	3,303	27,810	-	21,517
Receivables:				
Accounts, Net of Allowances	108,070	175,049	5,822	34,249
Loans, Net of Allowances	1,744	2,805	-	-
Interest	-	-	-	3,403
From Other Governments	-	2,432	884	-
Due from Other Funds	57,566	27,040	-	-
Inventories	14,238	-	-	-
Restricted Assets	160,524	-	15,903	-
Other Current Assets	8,400	3,795	142	2,105
Total Current Assets	<u>700,984</u>	<u>418,518</u>	<u>45,680</u>	<u>92,402</u>
Noncurrent Assets:				
Cash and Cash Equivalents	1,420	122,559	-	-
Investments	10,303	26,827	-	115,991
Receivables:				
Loans, Net of Allowances	10,494	9,253	-	-
Restricted Assets	4,028	-	115,854	-
Capital Assets, Net of Accumulated Depreciation	1,742,927	876,817	294,642	2,111
Other Noncurrent Assets	1,951	2,171	39,145	5,240
Total Noncurrent Assets	<u>1,771,123</u>	<u>1,037,627</u>	<u>449,641</u>	<u>123,342</u>
Total Assets	<u>2,472,107</u>	<u>1,456,145</u>	<u>495,321</u>	<u>215,744</u>
<b>Liabilities</b>				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	120,193	45,831	7,789	28,848
Due to Other Funds	10,097	3,382	1,896	-
Due to Other Governments	-	-	-	-
Current Portion of Long-Term Obligations	58,661	18,017	14,245	22,204
Deferred Revenue	33,696	189,978	1,399	653
Other Current Liabilities	27,143	10,647	-	39,784
Total Current Liabilities	<u>249,790</u>	<u>267,855</u>	<u>25,329</u>	<u>91,489</u>
Noncurrent Liabilities:				
Noncurrent Portion of Long-Term Obligations	<u>288,811</u>	<u>299,164</u>	<u>169,163</u>	<u>116,694</u>
Total Noncurrent Liabilities	<u>288,811</u>	<u>299,164</u>	<u>169,163</u>	<u>116,694</u>
Total Liabilities	<u>538,601</u>	<u>567,019</u>	<u>194,492</u>	<u>208,183</u>
<b>Net Assets (Deficit)</b>				
Invested in Capital Assets, Net of Related Debt	1,457,585	712,215	140,199	2,111
Restricted For:				
Debt Service	7,737	-	13,582	-
Clean and Drinking Water Projects	-	-	-	-
Capital Projects	172,302	-	88,800	-
Nonexpendable Purposes	11,574	400	-	-
Bond Indentures	-	-	2,109	-
Loans	3,506	-	-	-
Other Purposes	23,033	50,404	-	5,403
Unrestricted (Deficit)	<u>257,769</u>	<u>126,107</u>	<u>56,139</u>	<u>47</u>
Total Net Assets (Deficit)	<u><u>\$ 1,933,506</u></u>	<u><u>\$ 889,126</u></u>	<u><u>\$ 300,829</u></u>	<u><u>\$ 7,561</u></u>

<u>Employment Security</u>	<u>Business-Type Activities</u>			<u>Governmental Activities</u>	
	<u>Clean Water</u>	<u>Other Funds</u>	<u>Total</u>		<u>Internal Service Funds</u>
\$ -	\$ 3,536	\$ 131,061	\$ 715,380	\$ 9,227	
198,965	-	-	198,965	-	
-	-	-	52,630	-	
191,889	-	13,632	528,711	2,735	
-	230,173	4,896	239,618	-	
-	8,616	242	12,261	-	
8,434	18,705	309	30,764	-	
2,048	-	121,771	208,425	533	
-	-	-	14,238	3,667	
-	-	-	176,427	-	
-	-	208	14,650	486	
<u>401,336</u>	<u>261,030</u>	<u>272,119</u>	<u>2,192,069</u>	<u>16,648</u>	
-	183,658	47,397	355,034	-	
-	18,140	-	171,261	-	
-	651,673	63,070	734,490	-	
-	373,752	81,483	575,117	-	
-	-	680,309	3,596,806	30,637	
-	10,994	1,580	61,081	-	
<u>401,336</u>	<u>1,238,217</u>	<u>873,839</u>	<u>5,493,789</u>	<u>30,637</u>	
<u>401,336</u>	<u>1,499,247</u>	<u>1,145,958</u>	<u>7,685,858</u>	<u>47,285</u>	
-	17,711	59,346	279,718	2,587	
3,391	-	-	18,766	1,520	
2,558	-	-	2,558	-	
-	70,578	10,878	194,583	101	
-	-	3,279	229,005	430	
-	-	285	77,859	-	
<u>5,949</u>	<u>88,289</u>	<u>73,788</u>	<u>802,489</u>	<u>4,638</u>	
<u>632,026</u>	<u>742,491</u>	<u>159,969</u>	<u>2,408,318</u>	<u>2,637</u>	
<u>632,026</u>	<u>742,491</u>	<u>159,969</u>	<u>2,408,318</u>	<u>2,637</u>	
<u>637,975</u>	<u>830,780</u>	<u>233,757</u>	<u>3,210,807</u>	<u>7,275</u>	
-	-	640,924	2,953,034	30,637	
-	-	4,508	25,827	-	
-	499,779	119,177	618,956	-	
-	-	-	261,102	-	
-	-	20	11,994	-	
-	-	-	2,109	-	
-	-	-	3,506	-	
-	-	103,366	182,206	-	
<u>(236,639)</u>	<u>168,688</u>	<u>44,206</u>	<u>416,317</u>	<u>9,373</u>	
<u>\$ (236,639)</u>	<u>\$ 668,467</u>	<u>\$ 912,201</u>	<u>\$ 4,475,051</u>	<u>\$ 40,010</u>	

**Statement of Revenues, Expenses and  
Changes in Fund Net Assets  
Proprietary Funds**

For The Fiscal Year Ended June 30, 2012  
(Expressed in Thousands)

	<b>Business-Type Activities</b>			
	<b>Enterprise Funds</b>			
	<b>University of Connecticut &amp; Health Center</b>	<b>State Universities</b>	<b>Bradley International Airport</b>	<b>Connecticut Lottery Corporation</b>
<b>Operating Revenues</b>				
Charges for Sales and Services	\$ 893,631	\$ 345,352	\$ 47,622	\$ 1,081,740
Assessments	-	-	-	-
Federal Grants, Contracts, and Other Aid	181,382	44,551	-	-
State Grants, Contracts, and Other Aid	22,078	14,419	-	-
Private Gifts and Grants	36,342	3,092	-	-
Interest on Loans	-	-	-	-
Other	99,905	18,073	-	72
<b>Total Operating Revenues</b>	<b>1,233,338</b>	<b>425,487</b>	<b>47,622</b>	<b>1,081,812</b>
<b>Operating Expenses</b>				
Salaries, Wages, and Administrative	1,528,513	567,033	40,368	103,246
Lottery Prize Awards	-	-	-	659,898
Unemployment Compensation	-	-	-	-
Claims Paid	-	-	-	-
Depreciation and Amortization	119,353	51,764	16,920	448
Other	141,088	22,939	-	6,313
<b>Total Operating Expenses</b>	<b>1,788,954</b>	<b>641,736</b>	<b>57,288</b>	<b>769,905</b>
<b>Operating Income (Loss)</b>	<b>(555,616)</b>	<b>(216,249)</b>	<b>(9,666)</b>	<b>311,907</b>
<b>Nonoperating Revenue (Expenses)</b>				
Interest and Investment Income	1,016	1,107	399	9,538
Interest and Fiscal Charges	(12,733)	(10,356)	(6,882)	(9,505)
Other	37,574	2,628	16,509	(1,893)
<b>Total Nonoperating Revenues (Expenses)</b>	<b>25,857</b>	<b>(6,621)</b>	<b>10,026</b>	<b>(1,860)</b>
Income (Loss) Before Capital Contributions, Grants, and Transfers	(529,759)	(222,870)	360	310,047
Capital Contributions	2,768	2,856	5,761	-
Federal Capitalization Grants	-	-	-	-
Transfers In	703,276	258,550	10,267	-
Transfers Out	-	-	-	(310,000)
<b>Change in Net Assets</b>	<b>176,285</b>	<b>38,536</b>	<b>16,388</b>	<b>47</b>
<b>Total Net Assets (Deficit) - Beginning (as restated)</b>	<b>1,757,221</b>	<b>850,590</b>	<b>284,441</b>	<b>7,514</b>
<b>Total Net Assets (Deficit) - Ending</b>	<b>\$ 1,933,506</b>	<b>\$ 889,126</b>	<b>\$ 300,829</b>	<b>\$ 7,561</b>

<b>Business-Type Activities</b>				<b>Governmental Activities</b>	
<b>Enterprise Funds</b>				<b>Internal Service Funds</b>	
<b>Employment Security</b>	<b>Clean Water</b>	<b>Other Funds</b>	<b>Totals</b>		
\$ -	\$ -	\$ 118,227	\$ 2,486,572	\$ 54,503	
870,200	-	32,069	902,269	-	
980,542	-	90,198	1,296,673	-	
13,257	-	16,972	66,726	-	
-	-	6,177	45,611	-	
-	17,878	1,595	19,473	-	
3,757	-	5,720	127,527	92	
<u>1,867,756</u>	<u>17,878</u>	<u>270,958</u>	<u>4,944,851</u>	<u>54,595</u>	
-	1,433	431,256	2,671,849	36,878	
-	-	-	659,898	-	
1,823,464	-	-	1,823,464	-	
-	-	31,903	31,903	-	
-	-	22,618	211,103	15,170	
-	9,645	43,636	223,621	-	
<u>1,823,464</u>	<u>11,078</u>	<u>529,413</u>	<u>5,621,838</u>	<u>52,048</u>	
<u>44,292</u>	<u>6,800</u>	<u>(258,455)</u>	<u>(676,987)</u>	<u>2,547</u>	
-	14,260	1,359	27,679	2	
-	(42,252)	(6,233)	(87,961)	-	
-	4,976	713	60,507	26	
-	(23,016)	(4,161)	225	28	
<u>44,292</u>	<u>(16,216)</u>	<u>(262,616)</u>	<u>(676,762)</u>	<u>2,575</u>	
-	-	-	11,385	2	
-	22,918	6,704	29,622	-	
-	-	272,348	1,244,441	-	
(3,364)	(3,240)	(10,267)	(326,871)	-	
40,928	3,462	6,169	281,815	2,577	
(277,567)	665,005	906,032	4,193,236	37,433	
<u>\$ (236,639)</u>	<u>\$ 668,467</u>	<u>\$ 912,201</u>	<u>\$ 4,475,051</u>	<u>\$ 40,010</u>	

# **Statement of Cash Flows**

## **Proprietary Funds**

For the Fiscal Year Ended June 30, 2012  
(Expressed in Thousands)

	<b>Business-Type Activities</b>			
	<b>Enterprise Funds</b>			
	<b>University of Connecticut &amp; Health Center</b>	<b>State Universities</b>	<b>Bradley International Airport</b>	<b>Connecticut Lottery Corporation</b>
<b>Cash Flows from Operating Activities</b>				
Receipts from Customers	\$ 900,080	\$ 344,698	\$ 47,408	\$ 1,071,031
Payments to Suppliers	(529,283)	(174,920)	(26,582)	(69,633)
Payments to Employees	(1,093,645)	(424,560)	(15,279)	(15,153)
Other Receipts (Payments)	325,422	81,205	-	(659,816)
Net Cash Provided by (Used in) Operating Activities	(397,426)	(173,577)	5,547	326,429
<b>Cash Flows from Noncapital Financing Activities</b>				
Retirement of Bonds and Annuities Payable	-	-	-	(26,691)
Interest on Bonds and Annuities Payable	-	-	-	(10,225)
Transfers In	399,441	220,546	10,267	-
Transfers Out	-	-	-	(310,000)
Other Receipts (Payments)	31,870	3,611	-	214
Net Cash Flows from Noncapital Financing Activities	431,311	224,157	10,267	(346,702)
<b>Cash Flows from Capital and Related Financing Activities</b>				
Additions to Property, Plant, and Equipment	(158,611)	(73,260)	(5,353)	(28)
Proceeds from Capital Debt	200,000	49,040	-	-
Principal Paid on Capital Debt	(90,400)	(69,526)	(13,290)	-
Interest Paid on Capital Debt	(49,723)	(11,572)	(7,279)	-
Transfer In	137,739	52,240	-	-
Federal Grant	-	-	-	-
Capital Contributions	-	-	6,402	-
Other Receipts (Payments)	1,789	(571)	14,475	-
Net Cash Flows from Capital and Related Financing Activities	40,794	(53,649)	(5,045)	(28)
<b>Cash Flows from Investing Activities</b>				
Proceeds from Sales and Maturities of Investments	-	34,791	-	26,663
Purchase of Investment Securities	(54)	(23,893)	(4,652)	(2,114)
Interest on Investments	1,053	1,132	577	10,264
(Increase) Decrease in Restricted Assets	-	-	-	-
Other Receipts (Payments)	6,393	-	-	-
Net Cash Flows from Investing Activities	7,392	12,030	(4,075)	34,813
Net Increase (Decrease) in Cash and Cash Equivalents	82,071	8,961	6,694	14,512
Cash and Cash Equivalents - Beginning of Year	427,396	293,185	130,161	16,616
Cash and Cash Equivalents - End of Year	\$ 509,467	\$ 302,146	\$ 136,855	\$ 31,128
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used In) Operating Activities</b>				
Operating Income (Loss)	\$ (555,616)	\$ (216,249)	\$ (9,666)	\$ 311,907
Adjustments not Affecting Cash:				
Depreciation and Amortization	119,353	51,764	16,920	448
Other	87,352	-	-	(48)
Change in Assets and Liabilities:				
(Increase) Decrease in Receivables, Net	(747)	(4,412)	(215)	(10,561)
(Increase) Decrease in Due from Other Funds	-	-	-	-
(Increase) Decrease in Inventories and Other Assets	6,131	(273)	-	1,539
Increase (Decrease) in Accounts Payables & Accrued Liabilities	(53,899)	(4,528)	(1,492)	23,144
Increase (Decrease) in Due to Other Funds	-	121	-	-
Total Adjustments	158,190	42,672	15,213	14,522
Net Cash Provided by (Used In) Operating Activities	\$ (397,426)	\$ (173,577)	\$ 5,547	\$ 326,429
<b>Reconciliation of Cash and Cash Equivalents to the Statement of Net Assets</b>				
Cash and Cash Equivalents - Current	\$ 347,139	\$ 179,587	\$ 22,929	
Cash and Cash Equivalents - Noncurrent	1,420	122,559	-	
Cash and Cash Equivalents - Restricted	160,908	-	113,926	
	\$ 509,467	\$ 302,146	\$ 136,855	

*The accompanying notes are an integral part of the financial statements.*

***Connecticut***

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<b>Business-Type Activities</b>				<b>Governmental Activities</b>	
<b>Enterprise Funds</b>				<b>Internal Service Funds</b>	
<b>Employment Security</b>	<b>Clean Water</b>	<b>Other</b>	<b>Totals</b>		
\$ 865,189	\$ 86,420	\$ 156,859	\$ 3,471,685	\$ 53,558	
-	(9,645)	(84,746)	(894,809)	(112,299)	
-	(1,136)	(363,251)	(1,913,024)	(12,754)	
<u>(820,897)</u>	<u>(72,811)</u>	<u>94,555</u>	<u>(1,052,342)</u>	<u>529</u>	
<u>44,292</u>	<u>2,828</u>	<u>(196,583)</u>	<u>(388,490)</u>	<u>(70,966)</u>	
-	(70,687)	(6,508)	(103,886)	-	
-	(35,226)	(2,391)	(47,842)	-	
-	3,656	231,726	865,636	-	
(3,364)	-	(10,267)	(323,631)	-	
<u>(40,928)</u>	<u>-</u>	<u>11,509</u>	<u>6,276</u>	<u>88,514</u>	
<u>(44,292)</u>	<u>(102,257)</u>	<u>224,069</u>	<u>396,553</u>	<u>88,514</u>	
-	-	(10,090)	(247,342)	(16,465)	
-	-	-	249,040	-	
-	-	-	(173,216)	-	
-	-	(3,172)	(71,746)	-	
-	-	45,452	235,431	-	
-	4,213	5,918	10,131	-	
-	-	-	6,402	-	
-	-	(83,338)	(67,645)	-	
<u>-</u>	<u>4,213</u>	<u>(45,230)</u>	<u>(58,945)</u>	<u>(16,465)</u>	
-	-	-	61,454	-	
-	-	-	(30,713)	-	
-	14,317	1,406	28,749	2	
-	13,218	-	13,218	-	
-	69,203	(6,521)	69,075	-	
<u>-</u>	<u>96,738</u>	<u>(5,115)</u>	<u>141,783</u>	<u>2</u>	
<u>-</u>	<u>1,522</u>	<u>(22,859)</u>	<u>90,901</u>	<u>1,085</u>	
<u>-</u>	<u>2,014</u>	<u>153,939</u>	<u>1,023,311</u>	<u>8,142</u>	
<u>\$ -</u>	<u>\$ 3,536</u>	<u>\$ 131,080</u>	<u>\$ 1,114,212</u>	<u>\$ 9,227</u>	
\$ 44,292	\$ 6,800	\$ (258,455)	\$ (676,987)	\$ 2,547	
-	-	22,618	211,103	15,170	
-	-	(10,121)	77,183	-	
(5,159)	(3,972)	(870)	(25,936)	(2,585)	
148	-	-	148	1,639	
179,762	-	56,824	243,983	8	
(177,849)	-	(6,579)	(221,203)	(87,745)	
3,098	-	-	3,219	-	
<u>-</u>	<u>(3,972)</u>	<u>61,872</u>	<u>288,497</u>	<u>(73,513)</u>	
<u>\$ 44,292</u>	<u>\$ 2,828</u>	<u>\$ (196,583)</u>	<u>\$ (388,490)</u>	<u>\$ (70,966)</u>	

\$ 131,061

-  
19  
\$ 131,080

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## ***Fiduciary Fund Financial Statements***

### ***Investment Trust Fund***

#### ***External Investment Pool:***

to account for the portion of the Short-Term Investment Fund that belongs to participants that are not part of the State's financial reporting entity.

### ***Private Purpose Trust Fund***

#### ***Escheat Securities:***

to account for securities that are held by the State Treasurer for individuals under escheat laws of the State.

Individual fund descriptions and financial statements begin on the following pages:

Pension (and Other Employee Benefit) Trust Funds, page 128

Agency Funds, page 134

# Statement of Fiduciary Net Assets

## Fiduciary Funds

June 30, 2012

(Expressed in Thousands)

	Pension & Other Employee Benefit Trust Funds	Investment Trust Fund External Investment Pool	Private- Purpose Trust Fund Escheat Securities	Agency Funds	Total
<b>Assets</b>					
Cash and Cash Equivalents	\$ 300,561	\$ -	\$ -	\$ 138,476	\$ 439,037
Receivables:					
Accounts, Net of Allowances	31,246	-	-	14,916	46,162
From Other Governments	693	-	-	-	693
From Other Funds	2,070	-	-	4,515	6,585
Interest	728	332	-	6	1,066
Investments	23,875,440	853,747	-	-	24,729,187
Inventories	-	-	-	12	12
Securities Lending Collateral	2,665,472	-	-	-	2,665,472
Other Assets	-	39	1,225	380,174	381,438
Total Assets	<u>26,876,210</u>	<u>854,118</u>	<u>1,225</u>	<u>\$ 538,099</u>	<u>28,269,652</u>
<b>Liabilities</b>					
Accounts Payable and Accrued Liabilities	156,271	86	-	\$ 48,182	204,539
Securities Lending Obligation	2,665,472	-	-	-	2,665,472
Due to Other Funds	10,059	-	-	-	10,059
Funds Held for Others	-	-	-	489,917	489,917
Total Liabilities	<u>2,831,802</u>	<u>86</u>	<u>-</u>	<u>\$ 538,099</u>	<u>3,369,987</u>
<b>Net Assets</b>					
Held in Trust For:					
Employees' Pension Benefits (Note 13)	23,873,812	-	-	-	23,873,812
Other Employee Benefits (Note 15)	170,596	-	-	-	170,596
Individuals, Organizations, and Other Governments	-	854,032	1,225	-	855,257
Total Net Assets	<u>\$ 24,044,408</u>	<u>\$ 854,032</u>	<u>\$ 1,225</u>	<u>-</u>	<u>\$ 24,899,665</u>

*The accompanying notes are an integral part of the financial statements.*

## Statement of Changes in Fiduciary Net Assets Fiduciary Funds

For the Fiscal Year Ended June 30, 2012  
(Expressed in Thousands)

	Pension & Other Employee Benefit Trust Funds	Investment Trust Fund External Investment Pool	Private- Purpose Trust Fund Escheat Securities	Total
<b>Additions</b>				
Contributions:				
Plan Members	\$ 437,495	\$ -	\$ -	\$ 437,495
State	2,289,432	-	-	2,289,432
Municipalities	59,348	-	-	59,348
Total Contributions	2,786,275	-	-	2,786,275
Investment Income	(138,035)	1,750	-	(136,285)
Less: Investment Expense	(87,180)	(177)	-	(87,357)
Net Investment Income	(225,215)	1,573	-	(223,642)
Escheat Securities Received	-	-	23,997	23,997
Pool's Share Transactions	-	249,005	-	249,005
Transfers In	14,700	-	-	14,700
Other	5,684	-	-	5,684
Total Additions	2,581,444	250,578	23,997	2,856,019
<b>Deductions</b>				
Administrative Expense	3,149	-	-	3,149
Benefit Payments and Refunds	3,741,845	-	-	3,741,845
Escheat Securities Returned or Sold	-	-	23,133	23,133
Distributions to Pool Participants	-	1,572	-	1,572
Other	3,122	-	1,800	4,922
Total Deductions	3,748,116	1,572	24,933	3,774,621
Change in Net Assets Held In Trust For:				
Pension and Other Employee Benefits	(1,166,672)	-	-	(1,166,672)
Individuals, Organizations, and Other Governments	-	249,006	(936)	248,070
Net Assets - Beginning	25,211,080	605,026	2,161	25,818,267
Net Assets - Ending	\$ 24,044,408	\$ 854,032	\$ 1,225	\$ 24,899,665

*The accompanying notes are an integral part of the financial statements.*

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## ***Component Unit Financial Statements***

### ***Major Component Units***

#### ***Connecticut Housing Finance Authority:***

the Connecticut Housing Finance Authority is a public instrumentality and political subdivision of the State created for the purpose of increasing the housing supply and encouraging and assisting in the purchase, development and construction of housing for low and moderate income families throughout the State.

#### ***Connecticut Health and Educational Facilities Authority:***

the Connecticut Health and Educational Facilities Authority is a public instrumentality and political subdivision of the State. The Authority was created to assist certain health care institutions, institutions of higher education, and qualified for-profit and not-for-profit institutions in the financing and refinancing of projects to be undertaken in relation to programs for these institutions.

#### ***Nonmajor:***

The nonmajor component units are presented beginning on page 138.

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# **Statement of Net Assets**

## **Component Units**

June 30, 2012

(Expressed in Thousands)

	<b>Connecticut Housing Finance Authority (12-31-11)</b>	<b>Connecticut Health and Educational Facilities Authority</b>	<b>Other Component Units</b>	<b>Total</b>
<b>Assets</b>				
Current Assets:				
Cash and Cash Equivalents	\$ -	\$ 276	\$ 203,267	\$ 203,543
Investments	- -	7,941	346,533	354,474
Receivables:				
Accounts, Net of Allowances	- -	379	24,818	25,197
Loans, Net of Allowances	- -	- -	21,251	21,251
Other	- -	- -	1,057	1,057
Due From Primary Government	- -	- -	7,259	7,259
Restricted Assets	994,819	571,404	63,146	1,629,369
Inventories	- -	- -	6,479	6,479
Other Current Assets	- -	123	6,871	6,994
Total Current Assets	<u>994,819</u>	<u>580,123</u>	<u>680,681</u>	<u>2,255,623</u>
Noncurrent Assets:				
Investments	- -	- -	54,042	54,042
Accounts, Net of Allowances	- -	- -	22,972	22,972
Loans, Net of Allowances	- -	- -	158,173	158,173
Restricted Assets	4,625,687	7,257	67,898	4,700,842
Capital Assets, Net of Accumulated Depreciation	3,478	158	404,066	407,702
Other Noncurrent Assets	- -	- -	22,438	22,438
Total Noncurrent Assets	<u>4,629,165</u>	<u>7,415</u>	<u>729,589</u>	<u>5,366,169</u>
Total Assets	<u>5,623,984</u>	<u>587,538</u>	<u>1,410,270</u>	<u>7,621,792</u>
<b>Liabilities</b>				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	27,729	657	32,775	61,161
Current Portion of Long-Term Obligations	271,780	- -	25,892	297,672
Deferred Revenue	- -	- -	9,383	9,383
Amount Held for Institutions	- -	571,404	- -	571,404
Other Liabilities	26,876	- -	5,074	31,950
Total Current Liabilities	<u>326,385</u>	<u>572,061</u>	<u>73,124</u>	<u>971,570</u>
Noncurrent Liabilities:				
Noncurrent Portion of Long-Term Obligations	<u>4,339,878</u>	<u>2,191</u>	<u>364,051</u>	<u>4,706,120</u>
Total Noncurrent Liabilities	<u>4,339,878</u>	<u>2,191</u>	<u>364,051</u>	<u>4,706,120</u>
Total Liabilities	<u>4,666,263</u>	<u>574,252</u>	<u>437,175</u>	<u>5,677,690</u>
<b>Net Assets</b>				
Invested in Capital Assets, Net of Related Debt	3,478	158	263,933	267,569
Restricted:				
Debt Service	- -	- -	20,292	20,292
Bond Indentures	993,296	- -	- -	993,296
Expendable Endowments	- -	- -	93,929	93,929
Nonexpendable Endowments	- -	- -	283,329	283,329
Other Purposes	- -	5,066	41,586	46,652
Unrestricted (Deficit)	(39,053)	8,062	270,026	239,035
Total Net Assets	<u>\$ 957,721</u>	<u>\$ 13,286</u>	<u>\$ 973,095</u>	<u>\$ 1,944,102</u>

*The accompanying notes are an integral part of the financial statements.*

## **Statement of Activities**

### **Component Units**

For The Fiscal Year Ended June 30, 2012

(Expressed in Thousands)

<b>Functions/Programs</b>	<b>Program Revenues</b>			
	<b>Expenses</b>	<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>
Connecticut Housing Finance Authority (12/31/11)	\$ 225,580	\$ 213,853	\$ -	\$ -
Connecticut Health and Educational Facilities Authority	5,934	7,079	-	-
Other Component Units	<u>289,552</u>	<u>281,526</u>	<u>19,888</u>	<u>16,609</u>
Total Component Units	<u><u>\$ 521,066</u></u>	<u><u>\$ 502,458</u></u>	<u><u>\$ 19,888</u></u>	<u><u>\$ 16,609</u></u>

General Revenues:

Investment Income

Contributions to Endowments

Total General Revenues

and Contributions

Change in Net Assets

Net Assets - Beginning

Net Assets - Ending

**Net (Expense) Revenue and  
Changes in Net Assets**

<b>Connecticut</b>				
<b>Housing</b>	<b>Connecticut</b>	<b>Health &amp;</b>	<b>Other</b>	
<b>Finance</b>		<b>Educational Facilities</b>	<b>Component</b>	
<b>Authority</b>		<b>Authority</b>	<b>Units</b>	<b>Totals</b>
<b>(12-31-11)</b>				
\$ (11,727)	\$ -	\$ -	\$ -	\$ (11,727)
-	1,145	-	-	1,145
-	-	28,471	-	28,471
<b>(11,727)</b>	<b>1,145</b>	<b>28,471</b>		<b>17,889</b>
<hr/>				
65,552	12	(33)	65,531	
-	-	37,937	37,937	
65,552	12	37,904	103,468	
53,825	1,157	66,375	121,357	
903,896	12,129	906,720	1,822,745	
<b>\$ 957,721</b>	<b>\$ 13,286</b>	<b>\$ 973,095</b>	<b>\$ 1,944,102</b>	

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# Notes to the Financial Statements

June 30, 2012

## Note 1 Summary of Significant Accounting Policies

### a. Basis of Presentation

The accompanying financial statements of the State of Connecticut have been prepared in conformity with generally accepted accounting principles as prescribed in pronouncements of the Governmental Accounting Standards Board, except for the financial statements of the University of Connecticut Foundation, Incorporated (a component unit). Those statements are prepared according to generally accepted accounting principles as prescribed in pronouncements of the Financial Accounting Standards Board.

### b. Reporting Entity

For financial reporting purposes, the State's reporting entity includes the "primary government" and its "component units." The primary government includes all funds, agencies, departments, bureaus, commissions, and component units that are considered an integral part of the State's legal entity. Component units are legally separate organizations for which the State is financially accountable. Financial accountability exists if (1) the State appoints a voting majority of the organization's governing board, and (2) the State is able to impose its will on the organization, or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the State. The State also includes a nongovernmental nonprofit corporation as a component unit because it would be misleading to exclude the corporation from the reporting entity. Component units are reported in the financial statements in a separate column (discrete presentation), or as part of the primary government (blending presentation).

### *Discretely Presented Component Units*

Discretely presented component units include legally separate organizations for which the State appoints a voting majority of the organization's governing board and is contingently liable for the organization's debt or provides funding for the organization's programs. In addition, a nongovernmental nonprofit corporation is included as a discretely presented component unit because of the nature and significance of its relationship with the State are such that it would be misleading to exclude the corporation from the State's reporting entity. The following organizations are reported in separate columns and rows in the government-wide financial statements to emphasize that they are legally separate from the primary government:

### *Connecticut Development Authority*

The Authority is a public instrumentality and political subdivision of the State. It was created to stimulate industrial and commercial development within the State through its Self-Sustaining Bond, Umbrella, and Insurance programs as well as other economic development programs.

### *Connecticut Housing Finance Authority*

The Authority is a public instrumentality and political subdivision of the State. It was created for the purpose of increasing the housing supply and encouraging and assisting in

the purchase, development, and construction of housing for low and moderate-income families and persons throughout the State. The Authority's fiscal year is for the period ending on December 31, 2011.

### *Connecticut Resources Recovery Authority*

The Authority is a public instrumentality and political subdivision of the State. It is responsible for implementing the State Solid Waste Management Plan by determining the location of and constructing solid waste management projects; owning, operating, and maintaining waste management projects; or making provisions for operation and maintenance by contracting with private industry.

### *Connecticut Higher Education Supplemental Loan Authority*

The Authority is a public instrumentality and political subdivision of the State. It was created to assist students, their parents, and institutions of higher education to finance the cost of higher education through its Bond funds.

### *Connecticut Health and Educational Facilities Authority*

The Authority is a public instrumentality and political subdivision of the State. The purpose of the Authority is to assist certain health care institutions, institutions of higher education, and qualified for-profit and not-for-profit institutions in the financing and refinancing of projects to be undertaken in relation to programs for these institutions.

### *Connecticut Innovations, Incorporated*

The corporation is a public instrumentality and political subdivision of the State. It was established to stimulate and promote technological innovation and application of technology within Connecticut and encourage the development of new products, innovations, and inventions or markets in Connecticut by providing financial and technical assistance.

### *Capital City Economic Development Authority*

The Authority is a public instrumentality and political subdivision of the State. It was established in 1998 to stimulate new investment in Connecticut; to attract and service large conventions, tradeshows, exhibitions, conferences, and local consumer shows, and events; to encourage the diversification of the state economy; to strengthen Hartford's role as the region's major business and industry employment center and seat of government; to encourage residential housing development in downtown Hartford; and to construct, operate, maintain and market a convention center project in Hartford.

### *University of Connecticut Foundation, Incorporated*

The University of Connecticut Foundation, Incorporated is a nongovernmental nonprofit corporation created exclusively to solicit, receive, and administer gifts and financial resources from private sources for the benefit of all campuses and programs of the University of Connecticut and Health Center, a major Enterprise fund.

### *The Clean Energy Finance and Investment Authority*

The Clean Energy Finance and Investment Authority is a public instrumentality and political subdivision of the State. It was created to develop programs to finance and support clean energy investment in residential, municipal, small business and larger commercial projects and stimulate demand for clean

energy and the deployment of clean energy sources within the state.

Financial statements for the major component units are included in the accompanying financial statements after the fund financial statements. Audited financial statements issued separately by each component unit can be obtained from their respective administrative offices.

#### **Blended Component Units**

##### **Connecticut Lottery Corporation**

The Connecticut Lottery Corporation is a legally separate organization for which the State appoints a voting majority of the Corporation's governing board and which provides a significant amount of revenues to the State. The corporation is reported as part of the primary government's business-type activities in the government-wide financial statements and as a major Enterprise fund in the fund financial statements.

### **c. Government-wide and Fund Financial Statements**

#### **Government-wide Financial Statements**

The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the primary government and its component units. These statements distinguish between the governmental and business-type activities of the primary government by using separate columns and rows. Governmental activities are generally financed through taxes and intergovernmental revenues. Business-type activities are financed in whole or in part by fees charged to external parties. For the most part, the effect of interfund activity has been removed from these statements.

The Statement of Net Assets presents the reporting entity's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

1. Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances of bonds issued to buy, construct, or improve those assets.
2. Restricted net assets result when constraints placed on net assets use are either externally imposed by creditors, grantors, contributors, and the like, or imposed by law through constitutional provisions or enabling legislation.
3. Unrestricted net assets consist of net assets that do not meet the definition of the two preceding categories.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Indirect expenses are not allocated to the various functions or segments. Program revenues include a) fees, fines, and charges paid by the recipients of goods or services offered by the functions or segments and b) grants and contributions that are restricted to meeting the operational or capital needs of a particular function or segment. Revenues that are not

classified as program revenues, including all taxes, are reported as general revenues.

#### **Fund Financial Statements**

The fund financial statements provide information about the State's funds, including its fiduciary funds and blended component units. Separate statements for each fund category (governmental, proprietary, and fiduciary) are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

In the governmental fund financial statements, fund balance (difference between assets and liabilities) is classified as nonspendable, restricted and unrestricted (committed, assigned, or unassigned). Restricted represents those portions of fund balance where constraints on the resources are externally imposed or imposed by law through constitutional provisions or enabling legislation. Committed fund balance represents amounts that can only be used for specific purposes pursuant to constraints by formal action of the Legislature, such as appropriation or legislation. Assigned fund balance is constrained by the Legislature's intent to be used for specific uses, but is neither restricted nor committed.

The State reports the following major governmental funds:

**General Fund** - This is the State's primary operating fund. It is used to account for all financial resources which are not required to be accounted in other funds and which are spent for those services normally provided by the State (e.g., health, social assistance, education, etc.).

**Debt Service** - This fund is used to account for the resources that are restricted for payment of principal and interest on special tax obligation bonds of the Transportation fund.

**Transportation** - This fund is used to account for motor fuel taxes, vehicle registration and driver license fees, and other revenues that are restricted for the payment of budgeted appropriations of the Transportation and Motor Vehicles Departments.

**Restricted Grants and Accounts** - This fund is used to account for resources which are restricted by Federal and other providers to be spent for specific purposes.

The State reports the following major enterprise funds:

**University of Connecticut & Health Center** - This fund is used to account for the operations of the University of Connecticut, a comprehensive institution of higher education, which includes the University of Connecticut Health Center and John Dempsey Hospital.

**State Universities** - This fund is used to account for the operations of the State University System which consists of four universities: Central, Eastern, Southern, and Western.

**Bradley International Airport** - This fund is used to account for the financial activities of the Bradley International Airport, which is owned and operated by the State.

**Connecticut Lottery Corporation** - This fund is used to account for the financial activities of the State's lottery. The Corporation was created in 1996 for the purpose of generating revenues for the State's General Fund.

**Employment Security** - This fund is used to account for unemployment insurance premiums from employers and the payment of unemployment benefits to eligible claimants.

**Clean Water** - This fund is used to account for resources used to provide loans to municipalities to finance waste water treatment facilities.

In addition, the State reports the following fund types:

**Internal Service Funds** - These funds account for goods and services provided to other agencies of the State on a cost-reimbursement basis. These goods and services include prisoner-built office furnishings, information services support, telecommunications, printing, and other services.

**Pension (and Other Employee Benefits) Trust Funds** - These funds account for resources held in trust for the members and beneficiaries of the State's defined benefit pension plans and other employee benefits plans. These plans are discussed more fully in Notes 11, 12, and 14.

**Investment Trust Fund** - This fund accounts for the external portion of the State's Short-Term Investment Fund, an investment pool managed by the State Treasurer.

**Private-Purpose Trust Fund** - This fund accounts for escheat securities held in trust for individuals by the State Treasurer.

**Agency Funds** - These funds account for deposits, investments, and other assets held by the State as an agent for inmates and patients of State institutions, insurance companies, municipalities, and private organizations.

### **d. Measurement Focus and Basis of Accounting**

#### **Government-wide, Proprietary, and Fiduciary Fund Financial Statements**

The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred, regardless of when the related cash flows take place. Taxes and casino gaming payments are recognized as revenues in the period when the underlying exchange transaction has occurred. Grants and similar items are recognized as revenues in the period when all eligibility requirements imposed by the provider have been met.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and

producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the State's enterprise and internal service funds are charges to customers for sales and services, assessments, and intergovernmental revenues. Operating expenses for enterprise and internal service funds include salaries, wages, and administrative expenses, unemployment compensation, claims paid, and depreciation expense. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to the same limitation. This option is followed by the following component units of the State: the Connecticut Development Authority, the Connecticut Innovations, Incorporated and the Clean Energy Finance and Investment Authority.

#### **Governmental Fund Financial Statements**

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The State considers taxes and other revenues to be available if the revenues are collected within 45 days after year-end. Exceptions to this policy are federal grant revenues, which are considered to be available if collection is expected within 12 months after year-end, and licenses and fees which are recognized as revenues when the cash is collected. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, compensated absences, and claims and judgments, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general-long term debt and acquisitions under capital leases are reported as other financing sources.

### **e. Budgeting Process**

By statute, the Governor must submit the State budget to the General Assembly in February of every other year. Prior to June 30, the General Assembly enacts the budget through the passage of appropriation acts for the next two fiscal years and sets forth revenue estimates for the same period for the following funds: the General Fund, the Transportation Fund, the Mashantucket Pequot Fund, the Workers' Compensation Administration Fund, the Banking Fund, the Consumer Counsel and Public Utility Control Fund, the Insurance Fund, the Criminal Injuries Fund, the Soldiers, Sailors, and Marines Fund and the Regional Market Operations Fund. Under the State Constitution, the Governor has the power to veto any part of the itemized appropriations bill and to accept the remainder of the bill. However, the General Assembly may separately reconsider and repass the disapproved items by a two-thirds majority vote of both the Senate and the House.

Budgetary control is maintained at the individual appropriation account level by agency as established in authorized appropriation bills and is reported in the Annual Report of the State Comptroller. A separate document is necessary because the level of legal control is more detailed than reflected in the CAFR. Before an agency can utilize funds appropriated for a particular purpose, such funds must be allotted for the specific purpose by the Governor and encumbered by the Comptroller upon request by the agency. Such funds can then be expended by the Treasurer only upon a warrant, draft or order of the Comptroller drawn at the request of the responsible agency. The allotment process maintains expenditure control over special revenue, enterprise, and internal service funds that are not budgeted as part of the annual appropriation act.

The Governor has the power under Connecticut statute to modify budgetary allotment requests for the administration, operation and maintenance of a budgeted agency. However, the modification cannot exceed 3 percent of the fund or 5 percent of the appropriation amount. Modifications beyond those limits, but not in excess of 5 percent of the total funds require the approval of the Finance Advisory Committee. The Finance Advisory Committee is comprised of the Governor, the Lieutenant Governor, the Treasurer, the Comptroller, two senate members, not of the same political party, and three house members, not more than two of the same political party. Additional reductions of appropriations of more than 5 percent of the total appropriated fund can be made only with the approval of the General Assembly.

All funds, except fiduciary funds, use encumbrance accounting. Under this method of accounting, purchase orders, contracts, and other commitments for the expenditures of the fund are recorded in order to reserve that portion of the applicable appropriation. All encumbrances lapse at year-end and, generally, all appropriations lapse at year-end except for certain continuing appropriations (continuing appropriations are defined as carryforwards of spending authority from one fiscal budget into a subsequent budget). The continuing appropriations include: appropriations continued for a one-month period after year-end which are part of a program that was not renewed the succeeding year; appropriations continued the entire succeeding year, as in the case of highway and other capital construction projects; and appropriations continued for specified amounts for certain special programs. Carryforward appropriations are reported as reservations of the fund balance in the financial statements.

The budget is prepared on a “modified cash” basis of accounting under which revenues are recognized when received, except for certain taxes which are recognized when earned. Tax revenues recognized when earned include the following: sales and use, personal income, corporation, public service corporations, petroleum companies, cigarettes, alcoholic beverages, gasoline, special motor fuel, and motor carrier road. Under the modified cash basis, expenditures are recognized when paid. A comparison of actual results of operations recorded on this basis and the adopted budget is presented in the financial statements for the General and Transportation funds. During the 2012 fiscal year, the original adopted budget was adjusted by the General Assembly and the Finance Advisory Committee.

#### **f. Assets and Liabilities**

##### ***Cash and Cash Equivalents (see Note 4)***

In addition to petty cash and bank accounts, this account includes cash equivalents – short-term, highly liquid investments with original maturities of three months or less when purchased. Cash equivalents consist of investments in the Short-Term Investment Fund which are reported at the fund’s share price.

In the Statement of cash flows, certain Enterprise funds exclude from cash and cash equivalents investments in STIF reported as noncurrent or restricted assets.

##### ***Investments (see Note 4)***

Investments include Equity in Combined Investment Funds and other investments. Equity in Combined Investment Funds is reported at fair value based on the funds’ current share price. Other investments are reported at fair value, except for the following investments which are reported at cost or amortized cost:

- Nonparticipating interest-earning investment contracts.
- Money market investments that mature within one year or less at the date of their acquisition.
- Investments of the External Investment Pool fund (an Investment Trust fund).

The fair value of other investments is determined based on quoted market prices except for:

- The fair value of State bonds held by the Clean Water and Drinking Water funds (Enterprise funds) which is estimated using a comparison of other State bonds.
- The fair value of equity and debt securities held by Connecticut Innovations, Incorporated, a component unit. The fair value of these investments is determined by an independent valuation committee of the Corporation, after giving consideration to pertinent information about the companies comprising the investments, including but not limited to recent sales prices of the issuer’s securities, sales growth, progress toward business goals, and other operating data.

The State invests in derivatives. These investments are held by the Combined Investment Funds and are reported at fair value in each fund’s statement of net assets.

#### ***Inventories***

Inventories are reported at cost. Cost is determined by the first-in first-out (FIFO) method. Inventories in the governmental funds consist of expendable supplies held for consumption whose cost was recorded as an expenditure at the time the individual inventory items were purchased. Reported inventories in these funds are offset by a fund balance designation (nonexpendable) to indicate that they are unavailable for appropriation.

***Capital Assets and Depreciation***

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, railways, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the State as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of one year, except for the University of Connecticut which uses an initial individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated fair market value at the date of donation.

Collections of historical documents, rare books and manuscripts, guns, paintings, and other items are not capitalized. These collections are held by the State Library for public exhibition, education, or research; and are kept protected, cared for, and preserved indefinitely. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are also not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant, and equipment of the primary government are depreciated using the straight line method over the following estimated useful lives:

Assets	Years
Buildings	40
Improvements Other than Buildings	10-20
Machinery and Equipment	5-30
Infrastructure	20-28

***Securities Lending Transactions (see Note 4)***

Assets, liabilities, income, and expenses arising from securities lending transactions of the Combined Investment Funds are allocated ratably to the participant funds based on their equity in the Combined Investment Funds.

***Escheat Property***

Escheat property is private property that has reverted to the State because it has been abandoned or has not been claimed by the rightful owners for a period of time. State law requires that all escheat property receipts be recorded as revenue in the General fund. Escheat revenue is reduced and a fund liability is reported to the extent that it is probable that escheat property will be refunded to claimants in the future. This liability is estimated based on the State's historical relationship between escheat property receipts and amounts paid as refunds, taking into account current conditions and trends.

***Deferred Revenues***

In the government-wide and fund financial statements, this liability represents resources that have been received, but not yet earned. In the fund financial statements, this liability also represents revenues considered measurable but not available during the current period.

***Long-term Obligations***

In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net assets. Bond premiums and issuance costs are deferred and amortized over the life of the bonds using the straight line method. Bonds payable are reported net of the applicable bond premium. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. Other significant long-term obligations include the net pension and OPEB obligations, compensated absences, workers' compensation claims, and federal loans. In the fund financial statements, governmental fund types recognize bond premiums and bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

***Capital Appreciation Bonds***

Capital appreciation (deep-discount) bonds issued by the State, unlike most bonds, which pay interest semi-annually, do not pay interest until the maturity of the bonds. An investor who purchases a capital appreciation bond at its discounted price and holds it until maturity will receive an amount which equals the initial price plus an amount which has accrued over the life of the bond on a semiannual compounding basis. The net value of the bonds is accreted (the discount reduced), based on this semiannual compounding, over the life of the bonds. This deep-discount debt is reported in the government-wide statement of net assets at its net or accreted value rather than at face value.

***Compensated Absences***

The liability for compensated absences reported in the government-wide and proprietary fund statements consist of unpaid, accumulated vacation and sick leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

Vacation and sick policy is as follows: Employees hired on or before June 30, 1977, and managers regardless of date hired can accumulate up to a maximum of 120 vacation days. Employees hired after that date can accumulate up to a maximum of 60 days. Upon termination or death, the employee is entitled to be paid for the full amount of vacation days owed. No limit is placed on the number of sick days that an employee can accumulate. However, the employee is entitled to payment for accumulated sick time only upon retirement, or after ten years of service upon death, for an amount equal to one-fourth of his/her accrued sick leave up to a maximum payment equivalent to sixty days.

Pursuant to Special Act No. 09-06, the General Assembly enacted an Early Retirement Incentive Program in order to mitigate the deficit of the General Fund of the State. Under the provisions of this program, any employee participating in

the program shall be eligible for payment of accrued sick days and for the balance of unused vacation leave in accordance with the existing rules as stated above, except for one modification. The modification provides that the balance of any compensated absences shall be paid in three equal annual installments beginning during fiscal year ending June 30, 2013.

#### **g. Interest Rate Swap Agreements**

The State has entered into interest rate swap agreements to reduce borrowing costs on outstanding variable-rate bonds. These agreements are considered to be derivative instruments and are discussed in more detail in Note No. 19.

#### **h. Interfund Activities**

In the fund financial statements, interfund activities are reported as follows:

**Interfund receivables/payables** - The current portion of interfund loans outstanding at the end of the fiscal year is reported as due from/to other funds; the noncurrent portion as advances to/from other funds. All other outstanding balances between funds are reported as due from/to other funds. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

**Interfund services provided and used** - Sales and purchases of goods and services between funds for a price approximating their external exchange value. Interfund services provided and used are reported as revenues in seller funds and expenditures or expenses in purchaser funds. In the statement of activities, transactions between the primary government and its discretely presented component units are reported as revenues and expenses, unless they represent repayments of loans or similar activities.

**Interfund transfers** - Flows of assets without equivalent flows of assets in return and without a requirement for repayment. In governmental funds, transfers are reported as other financing uses in the funds making transfers and as other financing sources in the funds receiving transfers. In proprietary funds, transfers are reported after nonoperating revenues and expenses.

**Interfund reimbursements** - Repayments from the funds responsible for particular expenditures or expenses to the funds that initially paid for them. Reimbursements are not reported in the financial statements.

#### **i. Food Stamps**

Food stamps distributed to recipients during the year are recognized as both an expenditure and a revenue in the governmental fund financial statements.

#### **j. External Investment Pool**

Assets and liabilities of the Short-Term Investment Fund are allocated ratably to the External Investment Pool Fund based on its investment in the Short-Term Investment Fund (see Note 4). Pool income is determined based on distributions made to the pool's participants.

#### **k. Use of Estimates**

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

#### **Note 2 Budgetary vs. GAAP Basis of Accounting**

The following is a reconciliation of the net change in fund balances as reported in the budgetary and GAAP basis of accounting statements of revenues, expenditures, and changes in fund balances (amounts in thousands):

	<b>General Fund</b>	<b>Transportation Fund</b>
Net change in fund balances (budgetary basis)	\$ -	\$ 38,451
Adjustments:		
Increases (decreases) in revenue accruals:		
Receivables and Other Assets	(295,248)	3,793
(Increases) decreases in expenditure accruals:		
Accounts Payable and Other Liabilities	590,230	(13,944)
Salaries and Fringe Benefits Payable	131,304	9,252
Increase (Decrease) in Continuing Appropriations	(70,635)	1,061
Less: Re-release of 2011 Surplus Reserve	(143,517)	-
Fund Reclassification-Bus Operations	-	(2,436)
Net change in fund balances (GAAP basis)	<u>\$ 212,134</u>	<u>\$ 36,177</u>

The major differences between the budgetary (legal) and the GAAP (generally accepted accounting principles) basis of accounting as reconciled above are as follows:

1. Revenues are recorded when received in cash except for certain year-end accruals (budgetary basis) as opposed to revenues being recorded when they are susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budgetary basis) as opposed to expenditures being recorded when the related fund liability is incurred (GAAP basis).
3. For budgetary reporting purposes, continuing appropriations are reported with other financing sources and uses in the determination of the budgetary surplus or deficit to more fully demonstrate compliance with authorized spending for the year. For GAAP purposes, continuing appropriations are excluded from operations and reported as committed fund balance.

#### **Note 3 Nonmajor Fund Deficits**

The following funds have deficit fund/net assets balances at June 30, 2012, none of which constitutes a violation of statutory provisions (amounts in thousands).

##### **Special Revenue**

Consumer Counsel Public Utility Control	\$ 9
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##### **Capital Projects**

State Facilities	\$ 1,113
Transportation	\$ 718

##### **Enterprise**

Bradley Parking Garage	\$ 27,127
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**Note 4 Cash Deposits and Investments**

According to GASB Statement No. 40, “*Deposit and Investment Risk Disclosures*”, the State needs to make certain disclosures about deposit and investment risks that have the potential to result in losses. Thus, the following deposit and investment risks are discussed in this note:

**Interest Rate Risk** - the risk that changes in interest rates will adversely affect the fair value of an investment.

**Credit Risk** - the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

**Concentration of Credit Risk** - the risk of loss attributed to the magnitude of an investment in a single issuer.

**Custodial Credit Risk (deposits)** - the risk that, in the event of a bank failure, the State’s deposits may not be recovered.

**Custodial Credit Risk (investments)** - the risk that, in the event of a failure of the counterparty, the State will not be able to recover the value of investments or collateral securities that are in the possession of an outside party.

**Foreign Currency Risk** - the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit.

**Primary Government**

The State Treasurer is the chief fiscal officer of State government and is responsible for the prudent management and investment of monies of State funds and agencies as well as monies of pension and other trust funds. The State Treasurer with the advice of the Investment Advisory Council, whose members include outside investment professionals and pension beneficiaries, establishes investment policies and guidelines. Currently, the State Treasurer manages one Short-Term Investment Fund, one Medium-Term Investment Fund, and twelve Combined Investment Funds.

**Short-Term Investment Fund (STIF)**

STIF is a money market investment pool in which the State, municipal entities, and political subdivisions of the State are eligible to invest. The State Treasurer is authorized to invest monies of STIF in United States government and agency obligations, certificates of deposit, commercial paper, corporate bonds, savings accounts, bankers’ acceptances, repurchase agreements, asset-backed securities, and student loans. STIF’s investments are reported at amortized cost (which approximates fair value) in the fund’s statement of net assets.

For financial reporting purposes, STIF is considered to be a mixed investment pool – a pool having external and internal portions. The external portion of STIF (i.e. the portion that belongs to participants which are not part of the State’s financial reporting entity) is reported as an investment trust fund (External Investment Pool fund) in the fiduciary fund financial statements. The internal portion of STIF (i.e., the portion that belongs to participants that are part of the State’s financial reporting entity) is not reported in the accompanying financial statements. Instead, investments in the internal portion of STIF by participant funds are reported as cash equivalents in the government-wide and fund financial statements.

As of June 30, 2012, STIF had the following investments and maturities (amounts in thousands):

Investment Type	Short-Term Investment Fund		
	Investment Maturities (in years)		
	Amortized Cost	Less Than 1	1-5
Floating Rate Notes	\$ 20,261	\$ 20,261	\$ -
Federal Agency Securities	1,788,811	1,758,814	29,997
US Gov. Guaranteed Securities	141,768	141,768	-
Government Money Market Funds	16,608	16,608	-
Repurchase Agreements	1,544,493	1,544,493	-
Money Market Funds	1	1	-
Total Investments	<u>\$ 3,511,942</u>	<u>\$ 3,481,945</u>	<u>\$ 29,997</u>

**Interest Rate Risk**

The STIF’s policy for managing interest rate risk is to limit investment to a very short weighted average maturity, not to exceed 90 days, and to comply with Standard and Poor’s requirement that the weighted average maturity not to exceed 60 days. As of June 30, 2012, the weighted average maturity of the STIF was 33 days. Additionally, STIF is allowed by policy to invest in floating-rate securities, and investments in such securities with maturities up to two years are limited to no more than 20 percent of the overall portfolio. For purposes of the fund’s weighted average maturity calculation, variable-rate securities are calculated using their rate reset date. Because these securities reprice frequently to prevailing market rates, interest rate risk is substantially reduced. As of June 30, 2012, the amount of STIF’s investments in variable-rate securities was \$974 million.

**Credit Risk**

The STIF’s policy for managing credit risk is to invest in debt securities that fall within the highest short-term or long-term rating categories by nationally recognized rating organizations.

As of June 30, 2012, STIF’s investments were rated by Standard and Poor’s as follows (amounts in thousands):

Investment Type	Short-Term Investment Fund				
	Quality Ratings				
	Amortized Cost	AAA	AA	A	Unrated
Floating Rate Notes	\$ 20,261	\$ -	\$ -	\$ -	\$ 20,261
Federal Agency Securities	1,788,811	-	-	1,788,811	-
U.S. Government Guaranteed & Insure	141,768	-	-	111,768	-
Government Money Market Funds	16,608	16,608	-	-	-
Repurchase Agreements	1,544,493	-	-	-	1,544,493
Bank Commercial Paper	1	-	-	-	1
Total Investments	<u>\$ 3,511,942</u>	<u>\$ 16,608</u>	<u>\$ 1,900,579</u>	<u>\$ 1,544,494</u>	<u>\$ 50,261</u>

**Concentration of Credit Risk**

STIF reduces its exposure to this risk by requiring that not more than 10 percent of its portfolio be invested in securities of any one issuer, except for overnight or two-business day repurchase agreements and U.S. government and agency securities. As of June 30, 2012, STIF’s investments in any one issuer that represents more than 5 percent of total investments

were as follows (amounts in thousands):

Investment Issuer	Amortized Cost
Merrill Lynch	\$ 900,000
RBS Securities Inc.	\$ 644,493
Federal Home Loan Bank	\$ 630,586
Federal Farm Credit	\$ 448,493
Fannie Mae	\$ 402,290
Freddie Mac	\$ 307,441

***Custodial Credit Risk-Bank Deposits-Nonnegotiable***

***Certificate of Deposits*** (amounts in thousands):

The STIF follows policy parameters that limit deposits in any one entity to a maximum of ten percent of assets. Further, the certificate of deposits must be issued from commercial banks whose short-term debt is rated at least A-1 by Standard and Poor's and F-1 by Fitch and whose long-term debt is rated at least A and its issuer rating is at least "C". As of June 30, 2012, \$1,379,250 of the bank balance of STIF's deposits of \$1,380,000 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 1,291,300
Uninsured and collateral held by trust department of either the pledging bank or another bank not in the name of the State	87,950
Total	<u><u>\$ 1,379,250</u></u>

***Short-Term Plus Investment Fund (STIF Plus)***

STIF Plus is a money market and short-term bond investment pool in which the State, municipal entities, and political subdivisions of the State are eligible to invest. The State Treasurer is authorized to invest monies of STIF Plus in U.S. government and agency obligations, certificates of deposit, commercial paper, corporate bonds, saving accounts, bankers' acceptance, repurchase agreements, and asset-backed securities. STIF Plus's investments are reported at fair value on the fund's statement of net assets.

For financial reporting purposes, STIF Plus is considered to be an internal investment pool and is not reported in the accompanying financial statements. Instead, investments in STIF Plus by participant funds are reported as other investments in the government-wide and fund financial statements.

As of June 30, 2012, STIF Plus had the following investments and maturities (amount in thousands):

**Short-Term Plus Investment Fund**

Investment Type	Investment Maturities (in years)		
	Fair Value	Less Than 1	1-5
Asset Backed Securities	\$ 3,319	\$ 2,815	\$ 504
Money Market Government Fund	1	1	-
Total Investments	<u><u>\$ 3,320</u></u>	<u><u>\$ 2,816</u></u>	<u><u>\$ 504</u></u>

***Interest Rate Risk***

STIF Plus's policy for managing this risk is to perform, on a quarterly basis, an interest rate sensitivity analysis on the duration and the market value of the portfolio to determine the potential effect of a 200 basis point movement in interest rates. As of June 30, 2012, the weighted average maturity of STIF Plus was 86 days. In addition, STIF Plus is allowed to invest in floating-rate debt securities. For purposes of the fund's weighted average maturity calculation, variable-rate securities are calculated using their rate reset date. Because these securities reprice frequently to prevailing market rates, interest rate risk is substantially reduced. As of June 30, 2012, STIF Plus's investment in variable-rate securities was \$2.8 million.

***Credit Risk***

The STIF Plus manages its credit risk by investing only in debt securities that fall within the highest short-term or long-term rating categories by nationally recognized rating organizations. As of June 30, 2012, STIF Plus's investments were rated by Standard and Poor's as follows (amounts in thousands):

Investment Type	Fair Quality Rating			
	Value	AAA	A	CCC
Asset Backed Securities	\$ 3,319	\$ 1,568	\$ 1,064	\$ 687
Money Market Government Fund	1	-	1	-
Total	<u><u>\$ 3,320</u></u>	<u><u>\$ 1,568</u></u>	<u><u>\$ 1,065</u></u>	<u><u>\$ 687</u></u>

***Concentration of Credit Risk***

STIF Plus's policy for managing this risk is to limit the amount it may invest in any single corporate entity or federal agency to 5 percent and 15 percent, respectively, at the time of purchase. As of June 30, 2012, STIF Plus' investments in any one issuer that represents more than 5 percent of total investments were as follows (amounts in thousands):

Investment Issuer	Fair Value	
ARSI 2004	\$ 1,064	
GRANM 2007	\$ 1,063	
RAMC 2005	\$ 504	
INDB 2006	\$ 300	
CITI MORT LOAN TR	\$ 284	

***Combined Investment Funds (CIFS)***

The CIFS are open-ended, unitized portfolios in which the State pension trust and permanent funds are eligible to invest. The State pension trust and permanent funds own the units of the CIFS. The State Treasurer is also authorized to invest monies of the CIFS in a broad range of fixed income and equity securities, as well as real estate properties, mortgages and private equity. CIFS' investments are reported at fair value in each fund's statement of net assets.

For financial reporting purposes, the CIFS are considered to be internal investment pools and are not reported in the accompanying financial statements. Instead, investments in the CIFS by participant funds are reported as equity in the CIFS in the government-wide and fund financial statements.

## **Connecticut**

As of June 30, 2012, the amount of equity in the CIFS reported in the financial statements was as follows (amounts in thousands):

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Fiduciary Funds</b>
	<b> </b>	<b> </b>	<b> </b>
Equity in the CIFS	\$ 100,659	\$ 664	\$ 23,875,440
Other Investments	<u>12,428</u>	<u>51,966</u>	<u>853,747</u>
Total Investments-Current	<u><u>\$ 113,087</u></u>	<u><u>\$ 52,630</u></u>	<u><u>\$ 24,729,187</u></u>

As of June 30, 2012, the CIFS had the following investments and maturities (amounts in thousands):

<b>Investment Type</b>	<b>Fair Value</b>	<b>Investment Maturities (in Years)</b>			
		<b>Less Than 1</b>	<b>1 - 5</b>	<b>6 - 10</b>	<b>More Than 10</b>
Cash Equivalents	\$ 744,557	\$ 461,915	\$ 2,467	\$ 20,657	\$ 259,518
Asset Backed Securities	110,750	3,708	86,170	18,649	2,223
Government Securities	2,818,433	117,734	1,208,487	676,882	815,330
Government Agency Securities	893,470	3,883	39,971	36,210	813,406
Mortgage Backed Securities	206,448	1,745	31,536	10,485	162,682
Corporate Debt	1,745,459	74,877	668,053	736,793	265,736
Convertible Debt	32,495	491	12,221	8,686	11,097
Mutual Fund	336,487	-	-	-	336,487
Total Debt Investments	<u>6,888,099</u>	<u><u>\$ 664,353</u></u>	<u><u>\$ 2,048,905</u></u>	<u><u>\$ 1,508,362</u></u>	<u><u>\$ 2,666,479</u></u>
Common Stock	11,138,851				
Preferred Stock	55,941				
Real Estate Investment Trust	208,774				
Mutual Fund	1,317,906				
Limited Liability Corporation	1,115				
Trusts	992				
Limited Partnerships	<u>4,465,662</u>				
Total Investments	<u><u>\$ 24,077,340</u></u>				

### **Interest Rate Risk**

CIFS' investment managers are given full discretion to manage their portion of CIFS' assets within their respective guidelines and constraints. The guidelines and constraints require each manager to maintain a diversified portfolio at all times. In addition, each core manager is required to maintain a target duration that is similar to its respective benchmark which is typically the Barclays Aggregate-an intermediate duration index.

### **Credit Risk**

The CIFS minimizes exposure to this risk in accordance with a comprehensive investment policy statement, as developed by the Office of the Treasurer and the State's Investment Advisory Council, which provides policy guidelines for the CIFS and includes an asset allocation plan. The asset allocation plan's main objective is to maximize investment returns over the long term at an acceptable level of risk. As of June 30, 2012, CIFS' debt investments were rated by Moody's as follows (amounts in thousands):

	<b>Combined Investment Funds</b>									
	<b>Cash Equivalents</b>	<b>Asset Backed Securities</b>		<b>Government Securities</b>		<b>Mortgage Backed Securities</b>		<b>Corporate Debt</b>	<b>Convertible Debt</b>	<b>Mutual Fund</b>
		<b>Fair Value</b>	<b> </b>	<b> </b>	<b> </b>	<b> </b>	<b> </b>	<b> </b>	<b> </b>	<b> </b>
Aaa	\$ 1,547,883	\$ 20,400	\$ 76,200	\$ 269,081	\$ 858,154	\$ 126,653	\$ 197,395	\$ -	\$ -	\$ -
Aa	262,448	11,000	10,439	112,460	-	14,239	114,310	-	-	-
A	437,705	-	2,220	184,381	-	8,656	242,448	-	-	-
Baa	786,692	-	1,056	332,305	-	1,420	450,803	1,108	-	-
Ba	251,361	-	-	84,120	-	2,429	160,538	4,274	-	-
B	388,175	-	-	51,495	-	-	334,686	1,994	-	-
Caa	115,986	-	-	1,568	-	1,397	113,021	-	-	-
Ca	5,224	-	-	207	-	-	5,017	-	-	-
MIG	9,874	-	-	9,874	-	-	-	-	-	-
Prime 1	33,515	33,515	-	-	-	-	-	-	-	-
Government fixed not rated	1,808,257	-	-	1,772,941	35,316	-	-	-	-	-
Not Rated	1,240,979	679,644	20,836	-	-	51,652	127,241	25,119	336,487	336,487
	<u><u>\$ 6,888,099</u></u>	<u><u>\$ 744,559</u></u>	<u><u>\$ 110,751</u></u>	<u><u>\$ 2,818,432</u></u>	<u><u>\$ 893,470</u></u>	<u><u>\$ 206,446</u></u>	<u><u>\$ 1,745,459</u></u>	<u><u>\$ 32,495</u></u>	<u><u>\$ 336,487</u></u>	<u><u>\$ 336,487</u></u>

**Foreign Currency Risk**

The CIFS manage exposure to this risk by utilizing a strategic hedge ratio of 50 percent for the developed market portion of the International Stock Fund (a Combined Investment Fund). This strategic hedge ratio represents the neutral stance or desired long-term exposure to currency for the ISF. To implement this policy, currency specialists actively manage the currency portfolio as an overlay strategy to the equity investment managers. These specialists may manage the portfolio passively or actively depending on opportunities in the market place. While managers within the fixed income portion of the portfolio are allowed to invest in non-U.S. denominated securities, managers are required to limit that investment to a portion of their respective portfolios. As of June 30, 2012, CIFS' foreign deposits and investments were as follows (amounts in thousands):

Foreign Currency	Total	Combined Investment Funds							Equities		
		Cash	Equivalent Collateral	Government Securities	Mutual Funds	Corporate Debt	Convertible Securities	Asset Backed	Common Stock	Preferred Stock	Real Estate Investment Trust
Argentine Peso	\$ 1,370,000	\$ 292,639	\$ -	\$ 1,077,361	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Australian Dollar	384,964,578	1,566,626	-	13,141,025	-	68,472,795	-	-	281,119,688	-	20,664,444
Brazilian Real	209,827,415	2,685,734	-	36,096,864	-	7,261,047	134,728	-	139,993,856	23,655,186	-
Canadian Dollar	77,924,664	467,688	-	3,670,783	-	1,140,976	-	-	72,645,217	-	-
Chilean Peso	9,053,766	80,255	-	3,476,757	-	-	-	-	5,496,754	-	-
China Yuan Renminbi	408,914	31,807	-	377,107	-	-	-	-	-	-	-
Colombian Peso	17,293,591	-	-	9,874,878	-	6,029,149	-	1,389,564	-	-	-
Czech Koruna	9,076,710	105,628	-	-	-	-	-	-	8,971,082	-	-
Danish Krone	48,749,044	640,681	-	-	-	-	-	-	48,108,363	-	-
Egyptian Pound	10,880,831	148,714	-	143,129	-	-	-	-	10,588,988	-	-
Euro Currency	1,321,367,204	2,907,214	(28,726)	117,127,305	-	24,865,028	474,675	235,200	1,149,102,303	21,521,733	5,162,472
Ghana Cedi	540,438	-	-	540,438	-	-	-	-	-	-	-
Hong Kong Dollar	507,647,091	1,893,249	-	-	-	-	-	-	504,317,488	-	1,436,354
Hungarian Forint	31,142,348	3,142,151	-	13,593,502	-	-	-	-	14,406,695	-	-
Iceland Krona	1,911	1,911	-	-	-	-	-	-	-	-	-
Indian Rupee	(3,153,551)	-	-	-	-	3,468,720	-	(6,622,271)	-	-	-
Indonesian Rupiah	91,149,176	358,739	-	6,676,958	-	5,290,991	-	-	78,822,488	-	-
Israeli Shekel	11,282,977	168,246	-	-	-	-	-	-	11,114,731	-	-
Japanese Yen	1,024,945,134	6,117,217	-	33,419,646	-	-	-	-	980,747,545	-	4,660,726
Malaysian Ringgit	73,244,280	5,146,271	-	21,138,911	-	-	-	-	46,959,098	-	-
Mexican Peso	109,252,120	584,429	-	58,040,141	-	467,829	-	-	50,159,721	-	-
Moroccan Dirham	581,671	50,171	-	-	-	-	-	-	531,500	-	-
New Russian Rubel	10,981,567	111,958	-	4,049,160	-	6,820,449	-	-	-	-	-
New Taiwan Dollar	69,126,524	593,672	-	-	-	-	-	(29,136)	68,561,988	-	-
New Zealand Dollar	68,229,826	238,780	-	53,036,856	-	3,497,739	-	-	11,361,703	-	94,748
Nigerian Naira	1,349,440	-	-	536,313	-	813,127	-	-	-	-	-
Norwegian Krone	38,946,535	399,054	-	-	-	-	-	-	38,547,481	-	-
Peruvian Nuevo Sol	5,350,951	248,277	-	5,102,674	-	-	-	-	-	-	-
Philippine Peso	43,388,672	296,239	-	550,749	-	-	-	-	42,541,684	-	-
Polish Zloty	68,170,697	92,907	-	45,281,501	-	-	-	-	22,796,289	-	-
Pound Sterling	922,305,802	925,907	-	15,534,234	458,772	1,758,223	-	-	897,009,962	-	6,618,704
Singapore Dollar	85,145,957	826,306	-	-	-	-	-	-	81,527,832	-	2,791,819
South African Rand	124,875,292	4,651,039	-	20,960,117	-	851,163	-	-	98,412,973	-	-
South Korean Won	394,316,407	485,154	-	-	-	-	-	(16,266)	386,784,962	7,062,557	-
Sri Lanka Rupee	408,987	-	-	-	-	-	-	-	408,987	-	-
Swedish Krona	88,046,121	224,373	-	-	-	-	-	-	87,821,748	-	-
Swiss Franc	299,639,011	3,628,421	-	-	-	-	-	-	296,010,590	-	-
Thailand Baht	108,729,540	281,384	-	7,926,632	-	-	-	-	100,521,524	-	-
Turkish Lira	98,456,225	323,051	-	17,274,157	-	-	-	-	80,859,017	-	-
Ukraine Hryvna	882,476	-	-	-	-	882,476	-	-	-	-	-
Uruguayan Peso	6,792,945	-	-	6,792,945	-	-	-	-	-	-	-
	<b>\$ 6,372,693,287</b>	<b>\$ 39,715,892</b>	<b>\$ (28,726)</b>	<b>\$ 495,440,143</b>	<b>\$ 458,772</b>	<b>\$ 131,619,712</b>	<b>\$ 609,403</b>	<b>\$ (5,042,909)</b>	<b>\$ 5,616,252,257</b>	<b>\$ 52,239,476</b>	<b>\$ 41,429,267</b>

**Derivatives**

As of June 30, 2012, the CIFS held the following derivative investments:

<b>Derivative Investments</b>	<b>Fair Value</b>
Asset Backed Securities	\$ 110,750
Mortgage Backed Securities	63,418
Collateralized Mortgage Obligations	142,967
TBA's	198,353
Interest Only Securities	2,696
Options	148
Adjustable Rate Securities	602,249
Total	<u><u>\$ 1,120,581</u></u>

The CIFS invest in derivative investments for trading purposes and to enhance investment returns. The credit exposure resulting from these investments is limited to their fair value at year end.

The CIFS also invest in foreign currency contracts. Contracts to buy are used to acquire exposure to foreign currencies, while contracts to sell are used to hedge the CIFS' investments against currency fluctuations. Losses may arise from changes in the value of the foreign currency or failure of the counterparties to perform under the contracts' terms. As of June 30, 2012, the fair value of contracts to buy and contracts to sell was \$3,820.1 million and \$3,790.2 million, respectively.

**Custodial Credit Risk-Bank Deposits**

The CIFS minimize this risk by maintaining certain restrictions set forth in the Investment Policy Statement. The CIFS use a Liquidity Account which is a cash management pool investing in highly liquid money market securities. As of June 30, 2012, the CIFS had deposits with a bank balance of \$48.5 million which was uninsured and uncollateralized.

Complete financial information about the STIF, STIF Plus, and the CIFS can be obtained from financial statements issued by the Office of the State Treasurer.

**Other Investments**

As of June 30, 2012, the State had other investments and maturities as follows (amounts in thousands):

Investment Type	Other Investments				
	Investment Maturities (in years)				
	Fair Value	Less Than 1	1-5	6-10	More Than 10
Repurchase Agreements	\$ 2,639	\$ 2,639	\$ -	\$ -	\$ -
State Bonds	31,455	1,659	300	29,496	-
U.S. Government and Agency Securities	184,477	55,916	49,669	76,809	2,083
Guaranteed Investment Contracts	236,988	4,930	44,157	104,871	83,030
Money Market Funds	8,091	8,091	-	-	-
Total Debt Investments	463,650	<u><u>\$ 73,235</u></u>	<u><u>\$ 94,126</u></u>	<u><u>\$ 211,176</u></u>	<u><u>\$ 85,113</u></u>
Annuity Contracts		137,508			
Endowment Pool		10,153			
Limited Partnership		150			
Total Investments	<u><u>\$ 611,461</u></u>				

**Credit Risk**

As of June 30, 2012, other debt investments were rated by Standard and Poor's as follows (amounts in thousands):

Investment Type	Other Investments				
	Fair Value	AAA	AA	A	Unrated
Repurchase Agreements	\$ 2,639	\$ -	\$ 2,639	\$ -	\$ -
State Bonds	26,060	-	26,060	-	-
U.S. Government Securities	75,809	69,925	-	5,884	-
Guaranteed Investment Contracts	236,988	6,529	39,459	191,000	-
Money Market Funds	8,091	-	-	-	8,091
Total	<u><u>\$ 349,587</u></u>	<u><u>\$ 76,454</u></u>	<u><u>\$ 68,158</u></u>	<u><u>\$ 196,884</u></u>	<u><u>\$ 8,091</u></u>

**Custodial Credit Risk-Bank Deposits** (amounts in thousands):

The State maintains its deposits at qualified financial institutions located in the state to reduce its exposure to this risk. These institutions are required to maintain, segregated from its other assets, eligible collateral in an amount equal to 10 percent, 25 percent, 100 percent, or 120 percent of its public deposits. The collateral is held in the custody of the trust department of either the pledging bank or another bank in the name of the pledging bank. As of June 30, 2012, \$3,870 of the bank balance of the Primary Government of \$426,155 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 2,600
Uninsured and collateral held by trust department of either the pledging bank or another bank not in the name of the State	1,270
Total	<u><u>\$ 3,870</u></u>

**Component Units**

The Connecticut Housing Finance Authority (CHFA) and the Connecticut Health and Education Facilities Authority (CHEFA) reported the following investments and maturities as of 12-31-11 and 6-30-12, respectively (amounts in thousands):

Investment Type	Major Component Units				
	Fair Value	Investment Maturities (in years)			
		Less Than 1	1-5	More Than 10	
Collateralized Mortgage Obligations	\$ 958	\$ -	\$ -	\$ 958	
Corporate Finance Bonds	5,023	5,023	-	-	
Federated Funds	741	741	-	-	
Fidelity Funds	16,103	16,103	-	-	
GNMA Program Assets	801,909	-	-	801,909	
Mortgage Backed Securities	1,643	-	152	1,491	
Municipal Bonds	14,032	-	-	14,032	
U.S. Government and Agency Securities	1,938	1,000	-	938	
Structured Securities	555	-	-	555	
Money Market Funds	577,954	577,954	-	-	
Total	<u><u>\$ 1,420,856</u></u>	<u><u>\$ 600,821</u></u>	<u><u>\$ 152</u></u>	<u><u>\$ 819,883</u></u>	

The CHFA and the CHEFA own 59.3 percent and 40.7 percent of the above investments, respectively. GNMA Program Assets represent securitized home mortgage loans

of CHFA which are guaranteed by the Government National Mortgage Association.

#### **Interest Rate Risk**

##### **CHFA**

Exposure to declines in fair value is substantially limited to GNMA Program Assets. The Authority's investment policy requires diversification of its investment portfolio to eliminate the risk of loss resulting from, among other things, an over-concentration of assets in a specific maturity.

##### **CHEFA**

The Authority manages its exposure to this risk by designing its portfolio of unrestricted investments with the objective of regularly exceeding the average return of 90 day U.S. Treasury Bills. This is considered to be a benchmark for riskless investment transactions and therefore represents a minimum standard for the portfolio's rate of return. The Authority's policy as it relates to restricted investments provides that all restricted accounts be invested in strict accordance with the bond issue trust indentures, with the above policy and with applicable Connecticut State Law.

#### **Credit Risk**

##### **CHFA**

The Authority's investments are limited by state Statutes to United States Government obligations, including its agencies or instrumentalities, investments guaranteed by the state, investments in the CIFS, and other obligations which are legal investments for savings banks in the state. The Federated and Fidelity Funds are fully collateralized by obligations issued by the United States Government or its agencies. Mortgage Backed Securities are fully collateralized by the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation or the Government National Mortgage Association, and Collateralized Mortgage Obligations are fully collateralized by the United States Department of Housing and Urban Development mortgage pools.

##### **CHEFA**

The Authority has an investment policy that would further limit its investment choices beyond those limited by state statutes for both unrestricted and restricted investments. For example, investments that may be purchased by the Authority with the written approval of an officer, provided that the investment has a maturity of one year or less, are as follows: obligations issued or guaranteed by the U.S. Government, including the FDIC; qualified money market funds investing in short-term securities as permitted by the Authority's enabling legislation; the State's Short-Term Investment Fund (STIF) provided it maintains a "AAA" rating by Standard and Poor's; and qualified repurchase agreements secured by obligations issued or guaranteed by the U.S. Government.

CHFA's and CHEFA's investments were rated as of 12-31-11 and 6-30-12, respectively, as follows (amounts in thousands):

Investment Type	Value	Component Units			
		Fair Quality Ratings			
		BBB	B	D	Unrated
Collateralized Mortgage Obligations	\$ 958	\$ -	\$ 958	\$ -	\$ -
Corporate Finance Bonds	5,023	5,023	-	-	-
Federated Funds	741	-	-	-	741
Fidelity Funds	16,103	-	-	-	16,103
GNMA Assets	801,909	-	-	-	801,909
Mortgage Backed Securities	1,643	-	-	-	1,643
Municipal Bonds	14,032	-	-	-	14,032
Structured Securities	555	-	-	555	-
Money Market Funds	577,954	-	-	-	577,954
Total	<u>\$ 1,418,918</u>	<u>\$ 5,023</u>	<u>\$ 958</u>	<u>\$ 555</u>	<u>\$ 1,412,382</u>

#### **Concentration of Credit Risk**

##### **CHFA**

The Authority's investment policy requires diversification of its investment portfolio to eliminate the risk of loss resulting from, among other things, an over-concentration of assets with a specific issuer. As of December 31, 2011, the Authority had no investments in any one issuer that represents 5 percent or more of total investments, other than investments guaranteed by the U.S. Government (GNMA Program Assets).

##### **CHEFA**

For unrestricted investments, the Authority places limits on the amount of investment in any one issuer. No issuer other than the United States Treasury or the State's Short-Term Investment Fund shall constitute greater than 5 percent of unrestricted investments, except for qualified money market or mutual bond funds, none of which shall constitute greater than 50 percent of general fund investments. At year end, the Authority was in compliance with this policy. The Authority places no limit on the amount of investments in any one issuer for restricted investments.

#### **Security Lending Transactions**

Certain of the Combined Investment Funds are permitted by State Statute to engage in security lending transactions to provide incremental returns to the funds. The funds' master custodian is authorized to lend available securities to authorized broker-dealers and banks subject to a form loan agreement.

During the year, the master custodian lent certain securities and received cash or other collateral as indicated on the Securities Lending Authorization Agreement. The master custodian did not have the ability to pledge or sell collateral securities received absent a borrower default. Borrowers were required to deliver collateral for each loan equal to at least 100 percent of the market value of the loaned securities.

According to the Agreement, the master custodian has an obligation to indemnify the funds in the event any borrower

failed to return the loaned securities or pay distributions thereon. There were no such failures during the fiscal year that resulted in a declaration and notice of Default of the Borrower. During the fiscal year, the funds and the borrowers maintained the right to terminate all securities lending transactions upon notice. The cash collateral received on each loan was invested in an individual account known as the State of Connecticut Collateral Investment Trust. At year end, the funds had no credit exposure to borrowers because the value of the collateral held and the market value of securities on loan were \$2,855.3 million and \$2,817.6 million, respectively.

Under normal circumstances, the average duration of collateral investments is managed so that it will not exceed (a) 120 days or (b) the average duration of the loans by more than 45 days. If any of these limits is exceeded for any 3-day period, the Trustee shall take certain actions. At year end, the average duration of the collateral investments was 32.0 days; the average duration of the loans was unknown, although it is assumed to remain at 1 day.

#### **Note 5 Receivables-Current**

As of June 30, 2012, current receivables consisted of the following (amounts in thousands):

<b>Primary Government</b>			
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Component Units</b>
Taxes	\$ 1,552,712	\$ -	\$ -
Accounts	1,086,616	621,050	25,751
Loans-Current Portion	-	239,618	23,672
Other Governments	620,568	30,764	-
Interest	313	12,261	1,057
Other (1)	8,033	-	-
Total Receivables	3,268,242	903,693	50,480
Allowance for Uncollectibles	(904,137)	(92,339)	(2,975)
Receivables, Net	<u>\$ 2,364,105</u>	<u>\$ 811,354</u>	<u>\$ 47,505</u>

(1) Includes a reconciling amount of \$8,030 from fund financial statements to government-wide financial statements.

#### **Note 6 Taxes Receivable**

Taxes receivable consisted of the following as of June 30, 2012 (amounts in thousands):

	<b>Governmental Activities</b>		
	<b>General Fund</b>		<b>Transportation Fund</b>
	<b>Total</b>		
Sales and Use	\$ 643,517	\$ -	\$ 643,517
Income Taxes	437,707	-	437,707
Corporations	49,878	-	49,878
Gasoline and Special Fuel	-	44,215	44,215
Various Other	377,395	-	377,395
Total Taxes Receivable	1,508,497	44,215	1,552,712
Allowance for Uncollectibles	(167,974)	(184)	(168,158)
Taxes Receivable, Net	<u>\$ 1,340,523</u>	<u>\$ 44,031</u>	<u>\$ 1,384,554</u>

#### **Note 7 Receivables-Noncurrent**

Noncurrent receivables for the primary government and its component units, as of June 30, 2012, consisted of the following (amounts in thousands):

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Component Units</b>
Accounts	\$ -	\$ -	\$ 22,972
Loans	337,038	737,450	167,072
Total Receivables	337,038	737,450	190,044
Allowance for Uncollectibles	(2,344)	(2,960)	(8,899)
Receivables, Net	<u>\$ 334,694</u>	<u>\$ 734,490</u>	<u>\$ 181,145</u>

The Clean Water fund (business-type activities) loans funds to qualified municipalities for planning, design, and construction of water quality projects. These loans are payable over a 20 year period at an annual interest rate of 2 percent and are secured by the full faith and credit or revenue pledges of the municipalities, or both. At year end, the noncurrent portion of loans receivable was \$651.7 million.

The Connecticut Higher Education Supplemental Loan Authority (a component unit) makes loans to individuals from the proceeds of bonds issued by the Authority. The loans bear interest rates ranging from 0 percent to 9.7 percent. At year end, the noncurrent portion of loans receivable was \$103.8 million.

#### **Note 8 Restricted Assets**

Restricted assets are defined as resources that are restricted by legal or contractual requirements. As of June 30, 2012, restricted assets were comprised of the following (amounts in thousands):

	<b>Cash &amp; Cash Equivalents</b>	<b>Investments</b>	<b>Loans, Net of Allowances</b>	<b>Restricted Assets</b>	
				<b>Other</b>	<b>Total</b>
<b>Governmental Activities:</b>					
Debt Service	\$ 703,376	\$ -	\$ -	\$ -	\$ 703,376
Total-Governmental Activities	<u>\$ 703,376</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 703,376</u>
<b>Business-Type Activities:</b>					
Bradley International Airport	\$ 113,926	\$ 15,903	\$ -	\$ 1,928	\$ 131,757
UConn/Health Center	160,908	-	-	3,644	164,552
Clean Water	93,956	279,796	-	-	373,752
Other Proprietary	56,541	24,942	-	-	81,483
Total-Business-Type Activities	<u>\$ 425,331</u>	<u>\$ 320,641</u>	<u>\$ -</u>	<u>\$ 5,572</u>	<u>\$ 751,544</u>
<b>Component Units:</b>					
CHFA	\$ 770	\$ 1,651,022	\$ 3,606,571	\$ 362,143	\$ 5,620,506
CHEFA	7,338	571,323	-	-	578,661
Other Component Units	89,620	36,324	-	5,100	131,044
Total-Component Units	<u>\$ 97,728</u>	<u>\$ 2,258,669</u>	<u>\$ 3,606,571</u>	<u>\$ 367,243</u>	<u>\$ 6,330,211</u>

**Note 9 Current Liabilities**

**a. Accounts Payable and Accrued Liabilities**

As of June 30, 2012, accounts payable and accrued liabilities consisted of the following (amounts in thousands):

							<b>Total Payables</b>
	<b>Vendors</b>	<b>Salaries and Benefits</b>	<b>Interest</b>	<b>Other</b>		<b>&amp; Accrued Liabilities</b>	
<b>Governmental Activities:</b>							
General	\$ 117,679	\$ 141,439	\$ -	\$ -		\$ 259,118	
Transportation	18,775	7,450	-	-		26,225	
Other Governmental	203,355	13,521	-	3,337		220,213	
Internal Service	1,632	647	-	308		2,587	
Reconciling amount from fund financial statements to government-wide financial statements	-	-	170,105	4,556		174,661	
Total-Governmental Activities	<u>\$ 341,441</u>	<u>\$ 163,057</u>	<u>\$ 170,105</u>	<u>\$ 8,201</u>		<u>\$ 682,804</u>	
<b>Business-Type Activities:</b>							
UConn/Health Center	\$ 36,994	\$ 58,272	\$ -	\$ 24,927		\$ 120,193	
State Universities	11,771	32,235	1,825	-		45,831	
Other Proprietary	19,960	25,002	18,049	50,683		113,694	
Total-Business-Type Activities	<u>\$ 68,725</u>	<u>\$ 115,509</u>	<u>\$ 19,874</u>	<u>\$ 75,610</u>		<u>\$ 279,718</u>	
<b>Component Units:</b>							
CHFA	\$ -	\$ -	\$ 19,753	\$ 7,976		\$ 27,729	
Other Component Units	2,508	-	1,364	29,560		33,432	
Total-Component Units	<u>\$ 2,508</u>	<u>\$ -</u>	<u>\$ 21,117</u>	<u>\$ 37,536</u>		<u>\$ 61,161</u>	

**Note 10 Capital Assets**

Capital asset activity for the year was as follows (amounts in thousands):

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Retirements</b>	<b>Ending Balance</b>
<b>Governmental Activities</b>				
Capital Assets not being Depreciated:				
Land	\$ 1,594,804	\$ 45,082	\$ 789	\$ 1,639,097
Construction in Progress	2,340,153	1,231,383	986,255	2,585,281
Total Capital Assets not being Depreciated	<u>3,934,957</u>	<u>1,276,465</u>	<u>987,044</u>	<u>4,224,378</u>
Other Capital Assets:				
Buildings	3,275,887	54,717	27,030	3,303,574
Improvements Other than Buildings	471,291	14,138	5,249	480,180
Equipment	1,907,526	241,015	39,100	2,109,441
Infrastructure	<u>12,655,722</u>	<u>368,078</u>	<u>-</u>	<u>13,023,800</u>
Total Other Capital Assets at Historical Cost	<u>18,310,426</u>	<u>677,948</u>	<u>71,379</u>	<u>18,916,995</u>
Less: Accumulated Depreciation For:				
Buildings	1,799,382	82,587	27,030	1,854,939
Improvements Other than Buildings	294,713	23,866	5,249	313,330
Equipment	1,754,168	328,452	39,100	2,043,520
Infrastructure	<u>7,472,822</u>	<u>490,878</u>	<u>-</u>	<u>7,963,700</u>
Total Accumulated Depreciation	<u>11,321,085</u>	<u>925,783</u>	<u>71,379</u>	<u>12,175,489</u>
Other Capital Assets, Net	<u>6,989,341</u>	<u>(247,835)</u>	<u>-</u>	<u>6,741,506</u>
Governmental Activities, Capital Assets, Net	<u>\$ 10,924,298</u>	<u>\$ 1,028,630</u>	<u>\$ 987,044</u>	<u>\$ 10,965,884</u>

\* Depreciation expense was charged to functions as follows:

**Governmental Activities:**

Legislative	\$ 6,179
General Government	40,101
Regulation and Protection	37,946
Conservation and Development	15,926
Health and Hospitals	14,330
Transportation	689,140
Human Services	2,226
Education, Libraries and Museums	42,357
Corrections	47,864
Judicial	22,225
Capital assets held by the government's internal service funds are charged to the various functions based on the usage of the assets	7,489
<b>Total Depreciation Expense</b>	<b>\$ 925,783</b>

## ***Connecticut***

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Retirements</b>	<b>Ending Balance</b>
<b>Business-Type Activities</b>				
Capital Assets not being Depreciated:				
Land	\$ 64,670	\$ 83	\$ 44	\$ 64,709
Construction in Progress	295,488	150,287	22,345	423,430
Total Capital Assets not being Depreciated	360,158	150,370	22,389	488,139
Capital Assets being Depreciated:				
Buildings	4,050,454	121,432	7,949	4,163,937
Improvements Other Than Buildings	532,945	19,703	182	552,466
Equipment	954,562	74,071	43,642	984,991
Total Other Capital Assets at Historical Cost	5,537,961	215,206	51,773	5,701,394
Less: Accumulated Depreciation For:				
Buildings	1,535,066	122,235	5,496	1,651,805
Improvements Other Than Buildings	286,167	21,211	30	307,348
Equipment	608,808	66,784	42,018	633,574
Total Accumulated Depreciation	2,430,041	210,230	47,544	2,592,727
Other Capital Assets, Net	3,107,920	4,976	4,229	3,108,667
Business-Type Activities, Capital Assets, Net	<u>\$ 3,468,078</u>	<u>\$ 155,346</u>	<u>\$ 26,618</u>	<u>\$ 3,596,806</u>

### **Component Units**

Capital assets of the component units consisted of the following as of June 30, 2012 (amounts in thousands):

Land	\$ 29,031
Buildings	369,994
Improvements other than Buildings	2,961
Machinery and Equipment	433,615
Construction in Progress	<u>14,137</u>
Total Capital Assets	849,738
Accumulated Depreciation	<u>442,036</u>
Capital Assets, net	<u>\$ 407,702</u>

### **Note 11 State Retirement Systems**

The State sponsors three major public employee retirement systems: the State Employees' Retirement System (SERS)-consisting of Tier I (contributory), Tier II (noncontributory) and Tier IIA (contributory), the Teachers' Retirement System (TRS), and the Judicial Retirement System (JRS).

The State Comptroller's Retirement Division under the direction of the Connecticut State Employees Retirement Division administers SERS and JRS. The Teachers' Retirement Board administers TRS. None of the above mentioned systems issue stand-alone financial reports. However, financial statements for SERS, TRS, and JRS are presented in Note No. 13.

### **Plan Descriptions and Funding Policy**

Membership of each plan consisted of the following at the date of the latest actuarial evaluation:

	<b>SERS</b>	<b>TRS</b>	<b>JRS</b>
	<b>6/30/2012</b>	<b>6/30/2012</b>	<b>6/30/2012</b>
Retirees and beneficiaries receiving benefits	43,887	32,294	239
Terminated plan members entitled to but not yet receiving benefits	1,561	1,609	2
Active plan members	<u>47,868</u>	<u>49,808</u>	<u>204</u>
Total	<u><u>93,316</u></u>	<u><u>83,711</u></u>	<u><u>445</u></u>

### ***State Employees' Retirement System***

#### ***Plan Description***

SERS is a single-employer defined-benefit pension plan covering substantially all of the State full-time employees who are not eligible for another State sponsored retirement plan. Plan benefits, cost-of-living adjustments, contribution requirements of plan members and the State, and other plan provisions are described in Sections 5-152 to 5-192 of the General Statutes. The plan provides retirement, disability, and death benefits, and annual cost-of-living adjustments to plan members and their beneficiaries.

#### ***Funding Policy***

The contribution requirements of plan members and the State are established and may be amended by the State legislature. Tier I Plan B regular and Hazardous Duty members are required to contribute 2 percent and 4 percent of their annual salary, respectively, up to the Social Security Taxable Wage Base plus 5 percent above that level; Tier I Plan C members are required to contribute 5 percent of their annual salary; Tier II Plan Hazardous Duty members are required to contribute 4 percent of their annual salary; Tier IIA Plan regular and Hazardous Duty members are required to contribute 2 percent and 5 percent of their annual salary, respectively. The State is required to contribute at an actuarially determined rate. Administrative costs of the plan are funded by the State.

**Teachers' Retirement System**  
**Plan Description**

TRS is a single-employer defined-benefit pension plan covering any teacher, principal, superintendent, or supervisor engaged in service of public schools in the State. Plan benefits, cost-of-living allowances, required contributions of plan members and the State, and other plan provisions are described in Sections 10-183b to 10-183pp of the General Statutes. The plan provides retirement, disability, and death benefits, and annual cost-of-living adjustments to plan members and their beneficiaries.

**Funding Policy**

The contribution requirements of plan members and the State are established and may be amended by the State legislature. Plan members are required to contribute 6 percent of their annual salary. The State is required to contribute at an actuarially determined rate. Administrative costs of the plan are funded by the State.

**Judicial Retirement System**  
**Plan Description**

JRS is a single-employer defined-benefit pension plan covering any appointed judge or compensation commissioner in the State. Plan benefits, cost-of-living allowances, required contributions of plan members and the State, and other plan provisions are described in Sections 51-49 to 51-51 of the General Statutes. The plan provides retirement, disability, and death benefits, and annual cost-of-living adjustments to plan members and their beneficiaries.

**Funding Policy**

The contribution requirements of plan members and the State are established and may be amended by the State legislature. Plan members are required to contribute 6 percent of their annual salary. The State is required to contribute at an actuarially determined rate. Administrative costs of the plan are funded by the State.

**Annual Pension Cost and Net Pension Obligation**

The State's annual pension cost and net pension obligation for each plan for the current year were as follows (amounts in thousands)

	<b>SERS</b>	<b>TRS</b>	<b>JRS</b>
Annual required contribution	\$ 926,372	\$ 757,246	\$ 15,095
Interest on net pension obligation	247,664	(42,380)	2,719
Adjustment to annual required contribution	(195,138)	38,330	(2,118)
Annual pension cost	978,898	753,196	15,696
Contributions made	926,343	757,246	15,095
Increase (decrease) in net pension obligation	52,555	(4,050)	601
Net pension obligation (asset) beginning of year	2,913,694	(498,593)	31,983
Net pension obligation (asset) end of year	\$ 2,966,249	\$ (502,643)	\$ 32,584

Three-year trend information for each plan is as follows (amounts in thousands):

	<b>Fiscal Year</b>	<b>Annual Pension Cost (APC)</b>	<b>Percentage of APC Contributed</b>	<b>Net Pension Obligation/(asset)</b>
SERS	2010	\$ 952,753	75.6%	\$ 2,740,231
	2011	\$ 999,261	82.6%	\$ 2,913,694
	2012	\$ 978,898	94.6%	\$ 2,966,249
TRS	2010	\$ 553,154	101.1%	\$ (498,460)
	2011	\$ 576,460	100.7%	\$ (498,593)
	2012	\$ 753,196	100.5%	\$ (502,643)
JRS	2010	\$ 15,400	0%	\$ 15,449
	2011	\$ 16,534	0%	\$ 31,983
	2012	\$ 15,696	96.2%	\$ 32,584

**Funded Status and Funding Progress**

The following is funded status information for each plan as of June 30, 2012 the most recent actuarial valuation date (amounts in millions):

	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)	
	SERF	9,745.0	23,018.8	13,273.8	42.3%	3,354.7	395.7%
	TRF	13,734.8	24,862.2	11,127.4	55.2%	3,652.5	304.7%
JRF		174.7	319.5	144.8	54.7%	30.3	477.9%

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

**Actuarial Methods and Assumptions**

The following is information as of the most recent actuarial valuation:

	<b>SERF</b>	<b>TRF</b>	<b>JRS</b>
Valuation Date	6/30/2012	6/30/2012	6/30/12
Actuarial Cost Method	Projected unit credit	Entry Age	Projected unit credit
Amortization Method	Level percent of payroll, closed	Level percent closed	Level percent of payroll, closed
Remaining Amortization Period	19 Years	22.4 years	19 Years
Asset Valuation Method	5-year smoothed actuarial value	4-year smoothed market	5-year smoothed actuarial value
Actuarial Assumptions:			
Investment Rate of Return	8.00%	8.5%	8.00%
Projected Salary Increases	4.75%	3.75%-7.0%	4%-20%
Includes inflation at	2.75%	3.0%	3.75%
Cost-of-Living Adjustments	2.3%-4.75%	2.0%-3.0%	2.30-3.6%

**Defined Contribution Plan**

The State also sponsors the Connecticut Alternate Retirement Program (CARP), a defined contribution plan. CARP is administered by the State Comptroller's Retirement Office under the direction of the Connecticut State Employees Retirement Division. Plan provisions, including contribution requirements of plan members and the State, are described in Section 5-156 of the General Statutes.

Unclassified employees at any of the units of the Connecticut State System of Higher Education are eligible to participate in the plan. Plan members are required to

contribute 5 percent of their annual salaries. The State is required to contribute 8 percent of covered salary. During the year, plan members and the State contributed \$39.4 million and \$21.9 million, respectively.

**Note 12 Other Retirement Systems Administered by the State of Connecticut**

The State acts solely as the administrator and custodian of the assets of the Connecticut Municipal Employees' Retirement System (CMERS) and the Connecticut Probate Judges and Employees Retirement System (CPJERS). The State makes no contribution to and has only a fiduciary responsibility for these funds. None of the above mentioned systems issue stand-alone financial reports. However, financial statements for CMERS and CPJERS are presented in Note No. 13.

**Plan Descriptions and Contribution Information**

Membership of each plan consisted of the following at the date of the latest actuarial valuation:

	<b>CMERS</b>	<b>CPJERS</b>
	<b><u>7/1/2012</u></b>	<b><u>12/31/2011</u></b>
Retirees and beneficiaries receiving benefits	6,095	342
Terminated plan members entitled to but not receiving benefits	703	32
Active plan members	<u>8,711</u>	<u>330</u>
Total	<u>15,509</u>	<u>704</u>
Number of participating employers	191	1

**Connecticut Municipal Employees' Retirement System**

**Plan Description**

CMERS is a cost-sharing multiple-employer defined benefit pension plan that covers fire, police, and other personnel

**Note 13 Pension Trust Funds Financial Statements**

The financial statements of the pension trust funds are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. State contributions are recognized in the period in which the contributions are appropriated. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan. Investment income and related expenses of the Combined Investment Funds are allocated ratably to the pension trust funds based on each fund's equity in the Combined Investment Funds.

<b>Statement of Fiduciary Net Assets (000's)</b>							
	<b>State Employees'</b>	<b>State Teachers'</b>	<b>Judicial</b>	<b>Connecticut Municipal Employees'</b>	<b>Probate Judges'</b>	<b>Other</b>	<b>Total</b>
<b>Assets</b>							
Cash and Cash Equivalents	\$ -	\$ 125,194	\$ -	\$ -	\$ 27	\$ 265	\$ 125,486
Receivables:							
Accounts, Net of Allowances	6,636	11,768	7	12,831	4	-	31,246
From Other Governments	-	693	-	-	-	-	693
From Other Funds	4	7	-	-	-	-	11
Interest	203	495	3	22	4	-	727
Investments	8,468,271	13,473,162	156,910	1,675,299	78,044	1,195	23,852,881
Securities Lending Collateral	950,394	1,476,215	20,141	205,745	9,360	161	2,662,016
Total Assets	<u>9,425,508</u>	<u>15,087,534</u>	<u>177,061</u>	<u>1,893,897</u>	<u>87,439</u>	<u>1,621</u>	<u>26,673,060</u>
<b>Liabilities</b>							
Accounts Payable and Accrued Liabilities	26	127,154	-	-	-	-	127,180
Securities Lending Obligation	950,394	1,476,215	20,141	205,745	9,360	161	2,662,016
Due to Other Funds	6,447	2,029	1	1,575	-	-	10,052
Total Liabilities	<u>956,867</u>	<u>1,605,398</u>	<u>20,142</u>	<u>207,320</u>	<u>9,360</u>	<u>161</u>	<u>2,799,248</u>
<b>Net Assets</b>							
Held in Trust For Employee							
Pension Benefits	\$ 8,468,641	\$ 13,482,136	\$ 156,919	\$ 1,686,577	\$ 78,079	\$ 1,460	\$ 23,873,812
Total Net Assets	<u>\$ 8,468,641</u>	<u>\$ 13,482,136</u>	<u>\$ 156,919</u>	<u>\$ 1,686,577</u>	<u>\$ 78,079</u>	<u>\$ 1,460</u>	<u>\$ 23,873,812</u>

(except teachers) of participating municipalities in the State. Plan benefits, cost-of-living adjustments, contribution requirements of plan members and participating municipalities, and other plan provisions are described in Chapters 7-425 to 7-451 of the General Statutes. The plan provides retirement, disability, and death benefits, and annual cost-of-living adjustments to plan members and their beneficiaries.

**Contributions**

Plan members are required to contribute 2.25 percent to 5.0 percent of their annual salary. Participating municipalities are required to contribute at an actuarial determined rate. The participating municipalities fund administrative costs of the plan.

**Connecticut Probate Judges and Employees' Retirement System**

**Plan Description**

CPJERS is a single-employer defined benefit pension plan that covers judges and employees of probate courts in the State. Plan benefits, cost-of-living adjustments, required contributions of plan members and the probate court system, and other plan provisions are described in Chapters 45a-34 to 45a-56 of the General statutes. The plan provides retirement, disability, and death benefits, and annual cost-of-living adjustments to plan members and their beneficiaries.

**Contributions**

Plan members are required to contribute 1.0 percent to 3.75 percent of their annual salary. The probate court system is required to contribute at an actuarial determined rate. Administrative costs of the plan are funded by the probate court system.

## Connecticut

### Statement of Changes in Fiduciary Net Assets (000's)

	State Employees'	State Teachers'	Judicial	Connecticut Municipal Employees'	Probate Judges'	Other	Total
<b>Additions</b>							
Contributions:							
Plan Members	\$ 68,776	\$ 266,559	\$ 1,565	\$ 18,452	\$ 249	\$ 39	\$ 355,640
State	926,343	757,246	15,095	-	-	-	1,698,684
Municipalities	-	-	-	59,307	-	-	59,307
Total Contributions	<u>995,119</u>	<u>1,023,805</u>	<u>16,660</u>	<u>77,759</u>	<u>249</u>	<u>39</u>	<u>2,113,631</u>
Investment Income	(59,436)	(96,538)	2,267	13,534	699	65	(139,409)
Less: Investment Expenses	(30,981)	(48,932)	(593)	(6,297)	(292)	(4)	(87,099)
Net Investment Income	<u>(90,417)</u>	<u>(145,470)</u>	<u>1,674</u>	<u>7,237</u>	<u>407</u>	<u>61</u>	<u>(226,508)</u>
Transfers In	-	-	-	-	200	-	200
Other	4,126	364	-	1,009	185	-	5,684
Total Additions	<u>908,828</u>	<u>878,699</u>	<u>18,334</u>	<u>86,005</u>	<u>1,041</u>	<u>100</u>	<u>1,893,007</u>
<b>Deductions</b>							
Administrative Expense	543	-	-	-	-	-	543
Benefit Payments and Refunds	1,424,666	1,545,867	20,313	106,583	4,384	1	3,101,814
Other	-	2,933	-	2	183	-	3,118
Total Deductions	<u>1,425,209</u>	<u>1,548,800</u>	<u>20,313</u>	<u>106,585</u>	<u>4,567</u>	<u>1</u>	<u>3,105,475</u>
Changes in Net Assets	(516,381)	(670,101)	(1,979)	(20,580)	(3,526)	99	(1,212,468)
<b>Net Assets Held in Trust For Employee Pension Benefits:</b>							
Beginning of Year	8,985,022	14,152,237	158,898	1,707,157	81,605	1,361	25,086,280
End of Year	<u>\$ 8,468,641</u>	<u>\$ 13,482,136</u>	<u>\$ 156,919</u>	<u>\$ 1,686,577</u>	<u>\$ 78,079</u>	<u>\$ 1,460</u>	<u>\$ 23,873,812</u>

#### **Note 14 Other Postemployment Benefits (OPEB)**

The State sponsors two defined benefit OPEB plans: the State Employee OPEB Plan (SEOPEBP) and the Retired Teacher Healthcare Plan (RTHP). SEOPEBP is administered by the State Comptroller (Healthcare Policy and Benefit Division), and RTHP is administered by the Teachers' Retirement Board. None of these plans issues stand-alone financial statements. However, financial statements for these plans are presented in Note No. 15.

#### **State Employee OPEB Plan**

##### **Plan Description**

SEOPEBP is a single-employer defined benefit OPEB plan that covers retired employees of the State who are receiving benefits from any State-sponsored retirement system, except the Teachers' Retirement System and the Municipal Employees' Retirement System. The plan provides healthcare and life insurance benefits to eligible retirees and their spouses. Plan benefits, required contributions of plan participants and the State, and other plan provisions are described in Sections 5-257 and 5-259 of the General Statutes. As of June 30, 2011 (date of the latest actuarial valuation), the plan had 64,860 retirees and beneficiaries receiving benefits.

##### **Plan Funding**

The contribution requirements of the plan members and the State are established and may be amended by the State legislature, or by agreement between the State and employees unions, upon approval by the State legislature. The cost of providing plan benefits is financed approximately 100 percent by the State on a pay-as-you-go

basis through an annual appropriation in the General fund. Administrative costs of the plan are financed by the State.

##### **Retired Teacher Healthcare Plan**

##### **Plan Description**

RTHP is a single-employer defined benefit OPEB plan that covers retired teachers and administrators of public schools in the State who are receiving benefits from the Teachers' Retirement System. The plan provides healthcare insurance benefits to eligible retirees and their spouses. Plan benefits, required contributions of plan participants and the State, and other plan provisions are described in Section 10-183 of the General Statutes. As of June 30, 2012 (date of the latest actuarial valuation), the plan had 35,215 retirees and beneficiaries receiving benefits.

##### **Plan Funding**

The contribution requirements of plan members and the State are established and may be amended by the State legislature. The cost of providing plan benefits is financed on a pay-as-you-go basis as follows: active teachers pay for one third of plan costs through a contribution of 1.25 percent of their annual salaries, retired teachers pay for one third of plan costs through monthly premiums, and the State pays for one third of plan costs through an annual appropriation in the General Fund. Administrative costs of the plan are financed by the State.

**Annual OPEB Cost and Net OPEB Obligation**

The State's annual OPEB cost and the net OPEB obligation for each plan for the current fiscal year were as follows (amounts in thousands):

	<u>SECOPEBP</u>	<u>RTHP</u>
Annual Required Contribution	\$ 1,354,738	\$ 184,145
Interest on Net OPEB Obligation	73,689	2,172
Adjustment to Annual Required Contribution	(207,850)	(20,362)
Annual OPEB Cost	1,220,577	165,955
Contributions Made	541,262	49,486
Increase in net OPEB Obligation	679,315	116,469
Net OPEB Obligation - Beginning of Year <sup>1</sup>	4,508,054	451,893
Net OPEB Obligation - End of Year	<u>\$ 5,187,369</u>	<u>\$ 568,362</u>

<sup>1</sup> SECOPEBP balance restated. See Note 23

In addition, other related information for each plan for the past three fiscal years was as follows:

	Annual	Percentage of	Net		
	Fiscal Year	OPEB Cost	Annual OPEB Cost Contributed	OPEB Obligation	
<b>SECOPEBP</b>					
2012	\$ 1,220,577	44.3%	\$ 5,187,369		
2011	\$ 1,165,510	46.7%	\$ 4,508,054		
2010	\$ 2,349,663	23.6%	\$ 4,150,866		
<b>RTHP</b>					
2012	\$ 165,955	29.8%	\$ 568,362		
2011	\$ 167,368	3.2%	\$ 451,893		
2010	\$ 115,321	10.5%	\$ 289,837		

**Funded Status and Funding Progress**

The following is funded status information for the SECOPEBP and the RTHP as of June 30, 2011 and 2012, respectively, date of the latest actuarial valuations (amounts in million):

	Actuarial	Actuarial	Unfunded	UAAL as a		
	Value of	Accrued	AAL	Funded	Covered	Percentage of
	Assets	Liability	(AAL)	Ratio	Payroll	Covered Payroll
	(a)	(b)	(b-a)	(a/b)	(c)	((b-a)/c)
SECOPEBP	\$ 49.6	\$ 17,954.3	\$ 17,904.7	0.3%	\$ 3,902.2	458.8%
RTHP	\$ 0	\$ 3,048.3	\$ 3,048.3	0.0%	\$ 3,652.5	83.5%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding in progress, presented as required supplementary information following the notes to the financial statements, present multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

**Actuarial Methods and Assumptions**

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the State and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the State and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Significant methods and assumptions were as follows:

	<u>SECOPEBP</u>	<u>RTHP</u>
Actuarial Valuation Date	6-30-11	6-30-12
Actuarial Cost Method	Projected Unit Credit	Entry Age
Amortization Method	Level Percent of Pay, Closed, 30 Years	Level Percent of Pay, Open
Remaining Amortization Period	26 Years	26 Years
Asset Valuation Method	Market Value of Assets	Market Value of Assets
Actuarial Assumptions:		
Investment Rate of Return	5.70%	4.5% (includes 3% inflation rate)
Projected Salary Increases	4.00%	3.75%-7.00% (includes 3% inflation rate)
Healthcare Inflation Rate	7.25% Initial, 5% Ultimate	7% Initial, 5% Ultimate

**Other OPEB Plan**

The State acts solely as the administrator and custodian of the assets of the Policemen and Firemen Survivors' Benefit Fund (PFSBF). The State makes no contribution to and has only a fiduciary responsibility for this fund. The fund does not issue stand-alone financial statements. However, financial statements for this fund are presented in Note No. 15.

**Plan Description**

PFSBF is a cost-sharing multiple-employer defined benefit OPEB plan that covers policemen and firemen of participating municipalities in the State. As of June 30, 2012 there were 9 municipalities participating in the plan with a total membership of 598 active members. The plan provides survivor benefits upon the death of an active or retired member of the fund to his spouse and dependent children. Plan benefits, contribution requirements of plan members and participant municipalities, and other plan provisions are described in Sections 7-323a to 7-323i of the General Statutes.

**Contributions**

Plan members are required to contribute one percent of their annual salary. Participating municipalities are required to contribute at an actuarially determined rate. Administrative costs of the plan are financed by participating municipalities.

**Note 15 OPEB Trust Fund Financial Statements**

The financial statements of the OPEB trust funds are prepared using the accrual basis of accounting. Plan member and municipality contributions are recognized in the period in which they are due. State contributions are recognized in the period they are appropriated. Benefits are recognized when due and payable in accordance with the

terms of each plan. Investment income and related investment expense of the Combined Investment Funds are allocated ratably to the PFSBF trust fund based on the fund's equity in the Combined Investment Funds.

<b>Statement of Fiduciary Net Assets (000's)</b>				
	<b>State Employees<sup>1</sup></b>	<b>Retired Teachers<sup>1</sup></b>	<b>Policemen and Firemen</b>	<b>Total</b>
<b>Assets</b>				
Cash and Cash Equivalents	\$ 83,298	\$ 91,777	\$ -	\$ 175,075
Receivables:				
From Other Funds	3	2,056	-	2,059
Interest	-	-	1	1
Investments	-	-	22,559	22,559
Securities Lending Collateral	-	-	3,456	3,456
Total Assets	<u>83,301</u>	<u>93,833</u>	<u>26,016</u>	<u>203,150</u>
<b>Liabilities</b>				
Accounts Payable and Accrued Liabilities	23,584	5,507	-	29,091
Securities Lending Obligation	-	-	3,456	3,456
Due To Other Funds	-	-	7	7
Total Liabilities	<u>23,584</u>	<u>5,507</u>	<u>3,463</u>	<u>32,554</u>
<b>Net Assets</b>				
Held in Trust For Other				
Postemployment Benefits	<u>59,717</u>	<u>88,326</u>	<u>22,553</u>	<u>170,596</u>
<b>Total Net Assets</b>	<b><u>\$ 59,717</u></b>	<b><u>\$ 88,326</u></b>	<b><u>\$ 22,553</u></b>	<b><u>\$ 170,596</u></b>
<b>Statement of Changes in Fiduciary Net Assets (000's)</b>				
	<b>State Employees<sup>1</sup></b>	<b>Retired Teachers<sup>1</sup></b>	<b>Policemen and Firemen</b>	<b>Total</b>
<b>Additions</b>				
Contributions:				
Plan Members	\$ -	\$ 81,385	\$ 470	\$ 81,855
State	<u>541,262</u>	<u>49,486</u>	<u>-</u>	<u>590,748</u>
Municipalities	-	-	41	41
Total Contributions	<u>541,262</u>	<u>130,871</u>	<u>511</u>	<u>672,644</u>
Investment Income	8	99	1,267	1,374
Less: Investment Expenses	-	-	(81)	(81)
Net Investment Income	<u>8</u>	<u>99</u>	<u>1,186</u>	<u>1,293</u>
Transfers In	<u>14,500</u>	-	-	<u>14,500</u>
Other	-	-	-	-
Total Additions	<u>555,770</u>	<u>130,970</u>	<u>1,697</u>	<u>688,437</u>
<b>Deductions</b>				
Administrative Expense	-	2,606	-	2,606
Benefit Payments and Refunds	<u>545,700</u>	<u>93,326</u>	<u>1,005</u>	<u>640,031</u>
Other	-	4	-	4
Total Deductions	<u>545,700</u>	<u>95,936</u>	<u>1,005</u>	<u>642,641</u>
Changes in Net Assets	<u>10,070</u>	<u>35,034</u>	<u>692</u>	<u>45,796</u>
<b>Net Assets Held in Trust For</b>				
Other Postemployment Benefits:				
Beginning of Year	49,647	53,292	21,861	124,800
End of Year	<u>\$ 59,717</u>	<u>\$ 88,326</u>	<u>\$ 22,553</u>	<u>\$ 170,596</u>

#### **Note 16 Capital and Operating Leases**

##### ***State as Lessor***

The State leases building space, land, and equipment to private individuals. The minimum future lease revenues for the next five years and thereafter are as follows (amounts in thousands):

2013	\$ 26,233
2014	26,807
2015	27,931
2016	28,184
2017	26,619
Thereafter	<u>100,362</u>
Total	<u>\$ 236,136</u>

Contingent revenues for the year ended June 30, 2012, were \$94 thousand.

##### ***State as Lessee***

Obligations under capital and operating leases as of June 30, 2012, were as follows (amounts in thousands):

	<b>Noncancelable Operating Leases</b>	<b>Capital Leases</b>
2013	\$ 56,553	\$ 10,173
2014	55,792	10,167
2015	41,040	5,698
2016	75,866	4,110
2017	7,749	2,906
2018-2022	-	11,179
2023-2027	-	6,124
2028-2032	-	4,870
Total minimum lease payments	<u>\$ 237,000</u>	<u>55,227</u>
Less: Amount representing interest costs		12,468
Present value of minimum lease payments	<u>\$ 42,759</u>	

Minimum capital lease payments were discounted using interest rates changing from 3.79 percent to 6.00 percent.

Rental payments on noncancelable operating leases charged to expenses during the year ended June 30, 2012, were \$56.6 million.

#### ***Lease/Lease Back Transaction***

On September 30, 2003 the State executed a U.S. Lease-to-Service Contract of Rolling Stock Agreement (Agreement) whereby the state entered into a head lease of certain rolling stock consisting of rail coaches and locomotives to statutory trusts established for the benefit of three equity investors. Simultaneously, the State executed sublease agreements to lease back the rolling stock in order to allow the State to have continued use of the property. The terms of the head leases are for periods ranging from 40 years to 67 years, expiring through March 2071, while the subleases have terms ranging from 18 years to 28 years, expiring through January 2032. At the end of the respective sublease terms, the State will have the option to purchase the statutory trusts' interest in the rolling stock for an aggregate fixed price.

Proceeds from the prepayment of the head lease rents were paid to debt payment undertakers and custodians in amounts sufficient, together with investment earning thereon, to

provide for all future obligations of the State under the sublease agreements and the end of lease term purchase options. Although it is remote that the State will be required to make any additional payments under the sublease, the State is and shall remain liable for all of its obligations under the subleases. The aggregate remaining commitment under the subleases totaled approximately \$67 million at June 30, 2012.

The State is obligated to insure and maintain the rolling stock. In addition, if an equity investor suffers a loss of tax deductions or incurs additional taxable income as a result of

certain circumstances, as defined in the Agreement, then the State must indemnify the equity investor for the additional tax incurred, including interest and penalties thereon. The State has the right to terminate the sublease early under certain circumstances and upon payment of a termination value to the equity investors. If the State chooses early termination, then the termination value would be paid from funds available from the debt payment undertakers and the custodians, and if such amounts are insufficient, then the State would be required to pay the difference.

**Note 17 Long-Term Debt**

The following is a summary of changes in long-term debt of the primary government for the year ended June 30, 2012, (amounts in thousands):

Governmental Activities	Balance			Balance June 30, 2012	Amounts due within one year
	June 30, 2011	Additions	Reductions		
<b>Bonds:</b>					
General Obligation	\$ 13,794,340	\$ 2,319,540	\$ 2,149,304	\$ 13,964,576	\$ 1,016,931
Transportation	3,357,595	455,075	525,330	3,287,340	313,735
	17,151,935	2,774,615	2,674,634	17,251,916	1,330,666
Plus/(Less) premiums and deferred amounts	526,112	277,184	94,422	708,874	70,530
<b>Total Bonds</b>	<b>17,678,047</b>	<b>3,051,799</b>	<b>2,769,056</b>	<b>17,960,790</b>	<b>1,401,196</b>
<b>Long-Term Notes</b>	<b>915,795</b>	<b>-</b>	<b>167,860</b>	<b>747,935</b>	<b>174,570</b>
<b>Other L/T Liabilities:</b> <sup>1</sup>					
Net Pension Obligation	2,447,084	1,906,716	1,857,610	2,496,190	-
Net OPEB Obligation <sup>2</sup>	4,959,947	1,614,744	818,960	5,755,731	-
Compensated Absences	559,594	11,797	29,289	542,102	38,148
Workers' Compensation	511,413	149,921	101,788	559,546	102,844
Capital Leases	42,995	6,085	6,321	42,759	6,597
Claims and Judgments	56,227	8,347	19,632	44,942	9,701
Liability on Interest Rate Swaps	22,597	2,359		24,956	-
Contracts Payable & Other	705	-	-	705	-
<b>Total Other Liabilities</b>	<b>8,600,562</b>	<b>3,699,969</b>	<b>2,833,600</b>	<b>9,466,931</b>	<b>157,290</b>
<b>Governmental Activities Long-Term Liabilities</b>					
<b>Liabilities</b>	<b>\$ 27,194,404</b>	<b>\$ 6,751,768</b>	<b>\$ 5,770,516</b>	<b>\$ 28,175,656</b>	<b>\$ 1,733,056</b>

<sup>1</sup> In prior years, the General and Transportation funds have been used to liquidate other liabilities.

<sup>2</sup> The OPEB liability at 6/30/2011 has been restated see Note 23

Business-Type Activities					
Revenue Bonds	\$ 1,556,218	\$ 49,040	\$ 165,913	\$ 1,439,345	\$ 113,552
Plus/(Less) premiums, discounts and deferred amounts	50,942	2,193	6,773	46,362	324
<b>Total Revenue Bonds</b>	<b>1,607,160</b>	<b>51,233</b>	<b>172,686</b>	<b>1,485,707</b>	<b>113,876</b>
Lottery Prizes	161,697	3,189	26,691	138,195	22,204
Compensated Absences	154,748	32,129	30,795	156,082	50,039
Federal Loans Payable	809,876	122,868	300,718	632,026	-
Other	184,071	15,543	8,723	190,891	8,464
<b>Total Other Liabilities</b>	<b>1,310,392</b>	<b>173,729</b>	<b>366,927</b>	<b>1,117,194</b>	<b>80,707</b>
<b>Business-Type Long-Term Liabilities</b>	<b>\$ 2,917,552</b>	<b>\$ 224,962</b>	<b>\$ 539,613</b>	<b>\$ 2,602,901</b>	<b>\$ 194,583</b>

The liability for claims and judgments (Governmental Activities) includes a pollution remediation liability of approximately \$44.5 million. This liability represents the State's share of the cost of cleaning up certain polluted sites in the state under federal and state superfund regulations. The liability was estimated using the cash flow technique.

## Connecticut

As of June 30, 2012, long-term debt of component units consisted of the following (amounts in thousands):

Long-Term Debt	Balance June 30, 2012	Amounts due within year
Bonds Payable	\$ 4,447,347	\$ 233,287
Escrow Deposits	223,407	60,400
Closure of Landfills	49,200	2,628
Due to State	23,207	-
Deferred Revenue	3,969	885
Other	256,662	472
Total	<u>\$ 5,003,792</u>	<u>\$ 297,672</u>

### Note 18 Long-Term Notes and Bonded Debt

#### a. Economic Recovery Notes

Public Act 09-2 authorized the issuance of \$915.8 million of General Obligation Economic Recovery Notes in December, 2009. The notes funded a major part of the deficit in the State's general fund as reported by the Comptroller to the Governor for the fiscal year ended June 30, 2009.

Economic recovery notes outstanding at June 30, 2012 were \$747.9 million. The notes mature on various dates through 2016 and bear interest rates from 2.0% to 5.0%. Future amounts needed to pay principal and interest on economic recovery notes outstanding at June 30, 2012, were as follows:

Year Ending	June 30,	Principal	Interest	Total
	2013	\$ 174,570	\$ 33,854	\$ 208,424
	2014	182,705	25,723	208,428
	2015	191,280	17,147	208,427
	2016	199,380	9,043	208,423
	Total	<u>\$ 747,935</u>	<u>\$ 85,767</u>	<u>\$ 833,702</u>

#### b. Primary Government – Governmental Activities

##### General Obligation Bonds

General Obligation bonds are those bonds that are paid out of the revenues of the General Fund and that are supported by the full faith and credit of the State. General obligation bonds outstanding and bonds authorized but unissued at June 30, 2012, were as follows (amounts in thousands):

Purpose of Bonds	Final Maturity Dates	Original		Authorized	
		Interest Rates	Amount Outstanding	But Unissued	Outstanding
Capital Improvements	2012-2032	2.00-6.394%	\$ 1,829,396	\$ 509,810	
School Construction	2012-2032	1.50-5.750%	4,547,662	5	
Municipal & Other					
Grants & Loans	2012-2030	0.25-6.398%	814,072	565,880	
Housing Assistance	2013-2031	0.25-5.460%	189,860	104,693	
Elimination of Water Pollution	2012-2027	3.10-5.09%	230,550	816,953	
General Obligation Refunding	2012-2025	2.00-6.00%	3,878,315	-	
Pension Obligation	2014-2032	4.20-6.27%	2,276,578	-	
Miscellaneous	2012-2038	1.00-6.00%	116,485	556,246	
			13,882,918	\$ 2,553,587	
Accretion-Various Capital Appreciation Bonds			81,658		
	Total		<u>\$ 13,964,576</u>		

Future amounts needed to pay principal and interest on general obligation bonds outstanding at June 30, 2012, were as follows (amounts in thousands):

Year Ending	June 30,	Principal	Interest	Total
	2013	\$ 1,016,931	\$ 675,284	\$ 1,692,215
	2014	965,418	621,630	1,587,048
	2015	940,389	568,641	1,509,030
	2016	908,600	527,153	1,435,753
	2017	859,638	487,211	1,346,849
	2018-2022	3,756,795	1,923,084	5,679,879
	2023-2027	2,979,857	1,308,634	4,288,491
	2028-2032	2,442,855	379,498	2,822,353
	2033-2037	10,170	2,125	12,295
	2038-2042	2,265	138	2,403
	Total	<u>\$ 13,882,918</u>	<u>\$ 6,493,398</u>	<u>\$ 20,376,316</u>

#### Transportation Related Bonds

Transportation related bonds include special tax obligation bonds that are paid out of revenues pledged or earned in the Transportation Fund. The revenue pledged or earned in the Transportation Fund to pay special tax obligation bonds is transferred to the Debt Service Fund for retirement of principal and interest.

Transportation related bonds outstanding and bonds authorized but unissued at June 30, 2012, were as follows (amounts in thousands):

Purpose of Bonds	Final Maturity Dates	Original Interest Rates	Authorized	
			Amount Outstanding	But Unissued
Infrastructure Improvements	2012-2030	2.00-6.500%	\$ 3,287,340	\$ 2,559,221
			3,287,340	\$ 2,559,221
Accretion-Various Capital Appreciation Bonds			-	
	Total		<u>\$ 3,287,340</u>	

Future amounts required to pay principal and interest on transportation related bonds outstanding at June 30, 2012, were as follows (amounts in thousands):

Year Ending	June 30,	Principal	Interest	Total
	2013	\$ 313,735	\$ 151,305	\$ 465,040
	2014	265,435	138,929	404,364
	2015	236,265	127,825	364,090
	2016	211,195	117,761	328,956
	2017	193,760	108,106	301,866
	2018-2022	916,840	403,519	1,320,359
	2023-2027	724,015	201,604	925,619
	2028-2032	426,095	41,634	467,729
	\$ 3,287,340	<u>\$ 1,290,683</u>	<u>\$ 4,578,023</u>	

**Variable-Rate Demand Bonds**

As of June 30, 2012, variable-rate demand bonds included in bonded debt were as follows (amounts in thousands).

<b>Bond Type</b>	<b>Outstanding Principal</b>	<b>Issuance Year</b>	<b>Maturity Year</b>
General Obligation	20,000	1997	2014
Total	\$ 20,000		

The State entered into various remarketing and standby bond purchase agreements with certain brokerage firms and banks upon the issuance of the bonds.

The bonds were issued bearing a weekly interest rate, which is determined by the State's remarketing agents. The State has the option of changing at any time the weekly interest rate on the bonds to another interest rate, such as a flexible rate or a daily rate. Bonds bearing interest at the weekly rate are subject to purchase at the option of the bondholder at a purchase price equal to principal plus accrued interest, if any, on a minimum seven days' notice of tender to the State's agent. In addition, the bonds are subject to mandatory purchase upon (1) conversion from the weekly interest rate to another interest rate and (2) substitution or expiration of the standby bond purchase agreements. The State's remarketing agent is responsible for using its best efforts to remarket bonds properly tendered for purchase by bondholders from time to time. The State is required to pay the remarketing agents a quarterly fee of .05 percent per annum of the outstanding principal amount of the bonds.

The standby bond purchase agreements require the banks to purchase any unremarketed bonds bearing the weekly interest rate for a price not to exceed the amount of bond principal and accrued interest, if any. The State is required to pay the banks a quarterly fee ranging from .11 percent to .15 percent per annum of the outstanding principal amount of the bonds plus interest. These fees would be increased if the credit rating for the bond insurers were to be downgraded, suspended, or withdrawn. The 1997 GO series standby bond purchase agreement expires in the year 2014.

The agreement could be terminated at an earlier date if certain termination events described in the agreements were to occur.

**c. Primary Government – Business-Type Activities**  
**Revenue Bonds**

Revenue bonds are those bonds that are paid out of resources pledged in the enterprise funds and component units.

Enterprise funds' revenue bonds outstanding at June 30, 2012, were as follows (amounts in thousands):

<b>Funds</b>	<b>Final Maturity Dates</b>	<b>Original Interest Rates</b>	<b>Amount Outstanding (000's)</b>
UConn	2012-2033	2.0-6.0%	\$ 156,341
State Universities	2012-2036	2-6.0%	264,044
Clean Water	2012-2028	2-5.%	768,331
Drinking Water	2012-2027	2-5.%	55,444
Bradley International Airport	2012-2033	[1]	155,800
Bradley Parking Garage	2012-2024	6.125-6.6%	39,385
Total Revenue Bonds			1,439,345
Plus/(Less) premiums, discounts and deferred amounts:			
UConn			(1,537)
State Universities			2,692
Clean Water			47,616
Bradley International Airport			(2,409)
Other			3,162
Revenue Bonds, net			\$ 1,488,869

[1] variable percent of one month LIBOR

The University of Connecticut has issued student fee revenue bonds to finance the costs of buildings, improvements and renovations to certain revenue-generating capital projects. Revenues used for payments on the bonds are derived from various fees charged to students.

The Connecticut State University System has issued revenue bonds that finance the costs of auxiliary enterprise buildings, improvements and renovations to certain student housing related facilities. Revenues used for payments on the bonds are derived from various fees charged to students.

Bradley International Airport periodically issues revenue bonds to finance the cost of improvements to the airport. These bonds are secured by and are payable solely from revenues generated by the airport and other receipts, funds or monies pledged in the bond indenture. As of June 30, 2012 the following bonds were outstanding:

- a. 2001 Bradley International Airport Refunding Bonds in the amount of \$8.5 million.
- b. 2011 Bradley International Airport Refunding Bonds in the amount of \$147.3 million.

In 2000, Bradley Parking Garage bonds were issued in the amount of \$53.8 million to build a parking garage at the airport. As of June 30, 2012, \$39.3 million of these bonds are outstanding.

In 1994, the State of Connecticut began issuing Clean Water Fund revenue bonds. The proceeds of these bonds are to be used to provide funds to make loans to Connecticut municipalities for use in connection with the financing or refinancing of wastewater treatment projects. Details on these agreements are disclosed under the separately issued audited financial statements of the fund.

Future amounts needed to pay principal and interest on revenue bonds outstanding at June 30, 2012, were as follows (amounts in thousands):

<b>Year Ending</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
<b>June 30,</b>			
2013	\$ 113,473	\$ 63,490	\$ 176,963
2014	105,033	58,579	163,612
2015	110,022	53,949	163,971
2016	110,744	48,964	159,708
2017	92,608	44,541	137,149
2018-2022	427,920	162,419	590,339
2023-2027	328,960	68,867	397,827
2028-2032	131,405	15,816	147,221
2033-2037	19,180	788	19,968
Total	<u>\$ 1,439,345</u>	<u>\$ 517,413</u>	<u>\$ 1,956,758</u>

**d. Component Units**

Component units' revenue bonds outstanding at June 30, 2012, were as follows (amounts in thousands):

<b>Component Unit</b>	<b>Final Maturity</b>	<b>Interest Rate</b>	<b>Amount Outstanding (000's)</b>
	<b>Date</b>		
CT Development Authority	2012-2020	4.60-5.250%	\$ 12,295
CT Housing Finance Authority	2012-2049	0.40-6.625%	4,155,537
CT Resources Recovery Authority	2012-2016	5.125-5.50%	4,134
CT Higher Education			
Supplemental Loan Authority	2012-2028	1.70-6.00%	166,065
Capital City Economic			
Development Authority	2012-2033	2.50-7.00%	97,535
UConn Foundation	2012-2029	3.875-5.00%	6,270
Total Revenue Bonds			4,441,836
Plus/(Less) premiums, discounts, and deferred amounts:			
CHFA			5,093
CRRA			3
CHESLA			741
CCEDA			(326)
Revenue Bonds, net			<u>\$ 4,447,347</u>

Revenue bonds issued by the component units do not constitute a liability or debt of the State. The State is only contingently liable for those bonds as discussed below.

Connecticut Development Authority's revenue bonds are issued to finance such projects as the acquisition of land or the construction of buildings, and the purchase and installation of machinery, equipment, and pollution control facilities. The Authority finances these projects through its Self-Sustaining Bond Program and Umbrella Program. As of June 30, 2012 no bonds were outstanding under the Umbrella Program. Bonds issued under the Self-Sustaining Bond Program are discussed in the no-commitment debt section of this note. In addition, the Authority had \$12.3 million in general obligation bonds outstanding at year-end. These bonds were issued to finance the lease of an entertainment/sports facility and the purchase of a hockey team.

Connecticut Housing Finance Authority's revenue bonds are issued to finance the purchase, development and

construction of housing for low and moderate-income families and persons throughout the State. The Authority has issued bonds under a bond resolution dated 9/27/72 and an indenture dated 9/25/95. As of December 31, 2011, bonds outstanding under the bond resolution and the indenture were \$4,090.2 million and \$65.3 million, respectively. According to the bond resolution, the following assets of the Authority are pledged for the payment of the bond principal and interest (1) the proceeds from the sale of bonds, (2) all mortgage repayments with respect to long-term mortgage and construction loans financed from the Authority's general fund, and (3) all monies and securities of the Authority's general and capital reserve funds. The resolution and indenture capital reserve funds are required to be maintained at an amount at least equal to the amount of principal, sinking fund installments, and interest maturing and becoming due in the next succeeding calendar year on all outstanding bonds. The required reserves are \$279.2 million per the resolution and \$4.6 million per the indenture at 12/31/11. As of December 31, 2011, the Authority has entered into interest rate swap agreements for \$952.6 million of its variable rate bonds. Details on these agreements are disclosed under the separately issued audited financial statements of the Authority.

Connecticut Resources Recovery Authority's revenue bonds are issued to finance the design, development and construction of resources recovery and recycling facilities and landfills throughout the State. These bonds are paid solely from the revenues generated from the operations of the projects and other receipts, accounts and monies pledged in the bond indentures.

Connecticut Higher Education Supplemental Loan Authority's revenue bonds are issued to provide loans to students, their parents, and institutions of higher education to assist in the financing of the cost of higher education. These loans are issued through the Authority's Bond fund. According to the bond resolutions, the Authority internally accounts for each bond issue in separate funds, and additionally, the Bond fund includes individual funds and accounts as defined by each bond resolution.

Each Authority has established special capital reserve funds that secure all the outstanding bonds of the Authority at year-end. These funds are usually maintained at an amount equal to next year's bond debt service requirements. The State may be contingently liable to restore any deficiencies that may exist in the funds in any one year in the event that the Authority is unable to do so.

The Capital City Economic Development Authority revenue bonds are issued to provide sufficient funds for carrying out its purposes. The bonds are not debt of the State of Connecticut. However, the Authority and the State have entered into a contract for financial assistance, pursuant to which the State will be obligated to pay principal and interest on the bonds in an amount not to exceed \$9.0 million in any calendar year. The bonds are secured by energy fees from the central utility plant and by parking fees

subject to the Travelers Indemnity Company parking agreement.

Future amounts needed to pay principal and interest on revenue bonds outstanding at June 30, 2012, were as follows amounts in thousands):

Year Ending June 30,	Principal	Interest	Total
2013	\$ 150,174	\$ 127,597	\$ 277,771
2014	164,127	122,275	286,402
2015	124,628	118,235	242,863
2016	227,520	129,524	357,044
2017	144,900	113,085	257,985
2018-2022	722,020	497,544	1,219,564
2023-2027	850,489	364,330	1,214,819
2028-2032	868,296	231,202	1,099,498
2033-2037	713,445	106,124	819,569
2038-2042	426,665	26,626	453,291
2043-2047	33,102	61,023	94,125
2048-2052	13,790	2,164	15,954
2053-2057	2,680	-	2,680
Total	<u>\$ 4,441,836</u>	<u>\$ 1,899,729</u>	<u>\$ 6,341,565</u>

#### **No-commitment debt**

Under the Self-Sustaining Bond program, the Connecticut Development Authority issues revenue bonds to finance such projects as described previously in the component unit section of this note. These bonds are paid solely from payments received from participating companies (or from proceeds of the sale of the specific projects in the event of default) and do not constitute a debt or liability of the Authority or the State. Thus, the balances are not included in the Authority's financial statements. Total bonds outstanding for the year ended June 30, 2012 were \$1,004.5 million.

The Connecticut Health and Educational Facilities Authority has issued special obligation bonds for which the principal and interest are payable solely from the revenues of the institutions. Starting in 1999, the Authority elected to remove these bonds and related restricted assets from its financial statements, except for restricted assets for which the Authority has a fiduciary responsibility. Total special obligation bonds outstanding at June 30, 2012, were \$7,933.6 million, of which \$271.6 million was secured by special capital reserve funds.

The Connecticut Resources Recovery Authority has issued several bonds to fund the construction of waste processing facilities by independent contractors/operators. These bonds are payable from a pledge of revenues derived primarily under lease or loan arrangements between the Authority and the operators. Letters of credit secure some of these bonds. The Authority does not become involved in the construction activities or the repayment of the debt (other than the portion

allocable to Authority purposes). In the event of a default, neither the authority nor the State guarantees payment of the debt, except for the State contingent liability discussed below. Thus, the assets and liabilities that relate to these bond issues are not included in the Authority's financial statements. The amount of these bonds outstanding at June 30, 2012 was \$66.3 million.

The State may be contingently liable for those bonds that are secured by special capital reserve funds as discussed previously in this section.

#### **e. Debt Refundings**

During the year, the State issued \$1,248.7 million of general obligation and special tax obligation refunding bonds with an average interest rate of 4.29 percent to advance refund \$1,343.6 million of general obligation and special tax obligation bonds with an average interest rate of 5.47 percent. The reacquisition price exceeded the carrying amount of the old debt by \$36.5 million. This amount is being netted against the new debt and amortized over the life of the new or old debt, whichever is shorter.

The State advanced refunded these bonds to reduce its total debt service payments over the next twelve years by \$114.2 million and to obtain an economic gain (difference between the present values of the debt service payments of the old and new bonds) of \$83.3 million. As of June 30, 2012, \$1,556.5 million of outstanding general obligation, special tax obligation, and revenue bonds had been advanced refunded and are, accordingly, considered defeased.

#### **Note 19 - Derivative Financial Instruments**

The fair value balances and notional amounts of the State's derivative instruments outstanding at June 30, 2012, classified by type, and the changes in fair value of such derivative instruments for the year then ended are as follows (amounts in thousands; debit(credit)):

	Changes in Fair Value		Fair Value at Year End		Notional
	Classification	Amount	Classification	Amount	
<b>Governmental activities</b>					
Cash flow hedges:					Non-current
Pay-fixed interest	Other Non-current		portion of LT		
rate swap	Assets	2,359	Obligations	(24,956)	335,620
<b>Business-type activities</b>					
Cash flow hedges:					
Bradley Airport:					Non-current
Pay-fixed interest	Other Non-current		portion of LT		
rate swap	Assets	(12,083)	Obligations	(30,017)	152,380

**Objective and Terms of Hedging Derivative Instruments**

The following table displays the objective and the terms of the States' governmental activities hedging derivative instruments outstanding at June 30, 2012, along with the credit rating of the associated counterparty (amounts in thousands).

<b>Type</b>	<b>Objective</b>	<b>Notional</b>		<b>Effective Date</b>	<b>Maturity Date</b>	<b>Terms</b>	<b>Counterparty Credit Rating</b>
		<b>Amounts (000's)</b>	<b> </b>				
Pay-fixed interest rate swap	Hedge of changes in cash flows of the 2005 GO bonds	140,000		3/24/2005	3/1/2023	Pay 3.392% receive 60% of LIBOR+30bp	Aa1/AAA
Pay-fixed interest rate swap	Hedge of changes in cash flows of the 2005 GO bonds	140,000		3/24/2005	3/1/2023	Pay 3.401% receive 60% of LIBOR+30bp	A3/A
Pay-fixed interest rate swap	Hedge of changes in cash flows of the 2005 GO bonds	15,620		4/27/2005	6/1/2016	Pay 3.99% receive CPI plus .65%	Baa1/A-
Pay-fixed interest rate swap	Hedge of changes in cash flows of the 2005 GO bonds	20,000		4/27/2005	6/1/2017	Pay 5.07% receive CPI plus 1.73%	Baa1/A-
Pay-fixed interest rate swap	Hedge of changes in cash flows of the 2005 GO bonds	20,000		4/27/2005	6/1/2020	Pay 5.2% receive CPI plus 1.79%	Aa3/A
Total Notional Amount		\$ 335,620					

The fair values of interest rate swaps were estimated using the zero-coupon method. This method calculates the future net settlement payment required under the swaps, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date each future net settlement on the swaps.

**Credit Risk**

As of June 30, 2012, the State had no credit risk exposure on any of the swaps because the swaps had negative fair value. However, should interest rates change and the fair values of the swaps become positive, the State would be exposed to credit risk in the amount of the swaps' fair value.

**Interest Rate Risk**

The State is exposed to interest rate risk on its interest rate swaps. As the LIBOR or CPI swap index rate decreases, the State's net payment on the swap increases.

**Basis Risk**

The State's variable-rate bond interest payments are based on the Securities Industry and Financial Markets Association Municipal Swap (SIFMA) index rate, or the CPI floating rate. The State is exposed to basis risk on those swaps for which the State receives variable-rate payments that are based on the LIBOR swap index rate. As of June 30, 2012, the SIFMA rate was 0.18 percent, whereas 60 percent of LIBOR plus 30bp was 0.447 percent. The State recognizes this basis risk by including an amount for basis risk in its debt service budget. For fiscal year 2012, the budgeted amount for basis risk was \$1,500,000.

**Termination Risk**

The State or the counterparty may terminate any of the swaps if the other party fails to perform under the terms of the contract. If any swap is terminated, the associated variable-rate bonds would no longer carry synthetic interest rates. Also, if at the time of termination the swap has a negative fair value, the State would be liable to the counterparty for a payment equal to the swap's fair value.

Under the 2005 swap agreements, the State has up to 270 days to fund any required termination payment.

**Rollover Risk**

Because all of the swap agreements terminate when the associated debt is fully paid, the State is only exposed to rollover risk if an early termination occurs. Upon an early termination, the State will not realize the synthetic rate offered by the swaps on the underlying debt issues.

**Hedging Derivative Instrument Payments and Hedged Debt**

As rates vary, variable-rate bond interest payments and net swap payments will vary. Using rates as of June 30, 2012, debt service requirements of the State's outstanding variable-rate bonds and net swap payments are as follows (amounts in thousands):

<b>Fiscal Year</b>	<b>Variable-Rate Bonds</b>		<b>Interest Rate SWAP, Net</b>	<b>Total</b>
	<b>Ending June 30,</b>	<b>Principal</b>		
2013	\$ -	\$ 3,461	\$ 7,979	\$ 11,440
2014	-	3,461	7,979	11,440
2015	-	3,461	7,979	11,440
2016	50,620	3,453	7,713	61,786
2017	55,000	2,676	6,771	64,447
2018-2022	220,000	4,388	15,944	240,332
2023-2027	10,000	14	221	10,235
<b>Total</b>	<b>\$ 335,620</b>	<b>\$ 20,914</b>	<b>\$ 54,586</b>	<b>\$ 411,120</b>

As of June 30, 2012, Bradley airport has entered into interest rate swap agreements for \$147.3 million of its variable rate bonds. Details on these agreements are disclosed under the separately issued audited financial statements of the fund.

**Note 20 Risk Management**

The risk financing and insurance program of the State is managed by the State Insurance and Risk Management Board. The Board is responsible mainly for determining the method by which the State shall insure itself against losses by the purchase of insurance to obtain the broadest coverage at the most reasonable cost, determining whether deductible provisions should be included in the insurance contract, and whenever appropriate determining whether the State shall act as self-insurer. The schedule lists the risks of loss to

## Connecticut

which the State is exposed and the ways in which the State finances those risks.

Risk of Loss	Risk Financed by	
	Purchase of Commercial Insurance	Self-Insurance
Liability (Torts):		
-General (State buildings, parks, or grounds)		X
-Other	X	
Theft of, damage to, or destruction of assets	X	
Business interruptions	X	
Errors or omissions:		
-Professional liability	X	
-Medical malpractice		
(John Dempsey Hospital)		X
Injuries to employees		X
Natural disasters	X	

For the general liability risk, the State is self-insured because it has sovereign immunity. This means that the State cannot be sued for liability without its permission. For other liability risks, the State purchases commercial insurance only if the State can be held liable under a particular statute (e.g. per Statute the State can be held liable for injuries suffered by a person on a defective State highway), or if it is required by a contract.

For the risk of theft, of damage to, or destruction of assets (particularly in the automobile fleet), the State insures only leased cars and vehicles valued at more than \$100 thousand. When purchasing commercial insurance the State may retain some of the risk by assuming a deductible or self-insured retention amount in the insurance policy. This amount varies greatly because the State carries a large number of insurance policies covering various risks. The highest

deductible or self-insured retention amount assumed by the State is \$25 million, which is carried in a railroad liability policy.

The State records its risk management activities related to the medical malpractice risk in the University of Connecticut and Health Center fund, an Enterprise fund. At year-end, liabilities for unpaid claims are recorded in the statement of net assets (government-wide and proprietary fund statements) when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. The liabilities are determined based on the ultimate cost of settling the claims, including an amount for claims that have been incurred but not reported and claim adjustment expenses. The liabilities are actuarially determined and the unpaid liability for medical malpractice is reported at its present value, using a discount rate of 5 percent. In the General Fund, the liability for unpaid claims is only recorded if the liability is due for payment at year-end. Settlements have not exceeded coverages for each of the past three fiscal years. Changes in the claims liabilities during the last two fiscal years were as follows (amounts in thousands):

	Governmental Activities		Business-Type Activities	
	Workers' Compensation		Medical Malpractice	
Balance 6-30-10		\$ 460,596	\$ 18,315	
Incurred claims		148,777	5,210	
Paid claims		(97,960)	(3,086)	
Balance 6-30-11		511,413	20,439	
Incurred claims		149,921	52	
Paid claims		(101,788)	(534)	
Balance 6-30-12		\$ 559,546	\$ 19,957	

### Note 21 Interfund Receivables and Payables

Interfund receivable and payable balances at June 30, 2012, were as follows (amounts in thousands):

Balance due from fund(s)	Balance due to fund(s)												
	General	Transportation	Restricted Grants & Accounts	Other Governmental	UConn	State Universities	Other Proprietary	Employment Security	Internal Services	Fiduciary	Component Units	Total	
General	\$ -	\$ -	\$ 301,079	\$ 824,766	\$ 39,518	\$ 14,158	\$ 15,761	\$ 2,048	\$ 533	\$ 4,556	\$ -	\$ 1,202,419	
Debt Service			284									284	
Restricted Grants & Accounts	1,985	-	-	-	-	-	-	-	-	-	230	2,215	
Other Governmental	1,671	-	-	11,568	18,048	12,882	106,010	-	-	-	7,029	157,208	
UConn	10,097	-	-	-	-	-	-	-	-	-	-	10,097	
State Universities	3,382	-	-	-	-	-	-	-	-	-	-	3,382	
Employment Security	-	-	-	3,391	-	-	-	-	-	-	-	3,391	
Other Proprietary	386	-	1,510	-	-	-	-	-	-	-	-	1,896	
Internal Services	1,520	-	-	-	-	-	-	-	-	-	-	1,520	
Fiduciary	-	-	-	8,030	-	-	-	-	-	2,029	-	10,059	
Component Units	23,206	-	-	-	-	-	-	-	-	-	-	23,206	
Total	\$ 42,247	\$ 284	\$ 302,589	\$ 847,755	\$ 57,566	\$ 27,040	\$ 121,771	\$ 2,048	\$ 533	\$ 6,585	\$ 7,259	\$ 1,415,677	

Interfund receivables and payables arose because of interfund loans and other interfund balances outstanding at year end.

**Note 22 Interfund Transfers**

Interfund transfers for the fiscal year ended June 30, 2012, consisted of the following (amounts in thousands):

<u>Amount transferred from fund(s)</u>	Amount transferred to fund(s)										<u>Total</u>
	<u>General</u>	<u>Debt Service</u>	<u>Transportation</u>	<u>Restricted Grants &amp; Accounts</u>	<u>Other Governmental</u>	<u>UConn</u>	<u>State Universities</u>	<u>Other Proprietary</u>	<u>Fiduciary</u>		
General	\$ -	\$ 5,106	\$ 81,550	\$ 78,107	\$ 61,800	\$ 485,366	\$ 209,202	\$ 219,976	\$ 14,500	\$ 1,155,607	
Debt Service	-	-	1,365	1,049	252	-	-	-	-	2,666	
Transportation	-	437,782	-	21,500	-	-	-	-	-	459,282	
Restricted Grants & Accounts	-	-	-	-	331	-	-	-	-	331	
Other Governmental	103,529	-	-	122,414	1,575	217,910	49,348	62,639	200	557,615	
Connecticut Lottery	310,000	-	-	-	-	-	-	-	-	310,000	
Employment Security	-	-	-	-	3,364	-	-	-	-	3,364	
Other Proprietary	-	-	-	-	13,507	-	-	-	-	13,507	
Total	<u>\$ 413,529</u>	<u>\$ 442,888</u>	<u>\$ 82,915</u>	<u>\$ 223,070</u>	<u>\$ 80,829</u>	<u>\$ 703,276</u>	<u>\$ 258,550</u>	<u>\$ 282,615</u>	<u>\$ 14,700</u>	<u>\$ 2,502,372</u>	

Transfers were made to (1) move revenues from the fund that budget or statute requires to collect them to the fund that budget or statute requires to expend them and (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due.

**Note 23 Restatement of Fund Balances/Net Assets, Fund Balance Classifications, and Restricted Assets**

**Restatement of Fund Balance/Net Assets**

As of June 30, 2012, the beginning fund balances/net assets for the following activities were restated as follows (amounts in thousands):

	<u>Balance 6-30-11</u>	<u>Correction</u>	<u>Balance 6-30-11</u>
	<u>Previously Reported</u>	<u>of Reported Assets/Liabilities</u>	<u>as Restated</u>
<b>Governmental Funds and Activities</b>			
<b>Major Funds</b>			
General Fund	\$ (1,297,309)	\$ 172,704	\$ (1,124,605)
<b>Total Governmental Funds</b>	<u>\$ 1,387,689</u>	<u>\$ 172,704</u>	<u>\$ 1,560,393</u>
<b>Proprietary Funds</b>			
<b>Nonmajor Funds</b>			
<b>Internal Service Funds</b>			
Administrative Services Fund	\$ (61,339)	\$ 88,485	\$ 27,146
<b>Total Internal Service Funds</b>	<u>\$ (51,052)</u>	<u>\$ 88,485</u>	<u>\$ 37,433</u>
<b>Governmental Activities:</b>			
Net OPEB Obligation	\$ (4,602,759)	\$ (357,188)	\$ (4,959,947)
<b>Net Assets of Governmental Activities</b>	<u>\$ (14,049,710)</u>	<u>\$ (95,999)</u>	<u>\$ (14,145,709)</u>

The beginning fund balance of the General Fund was adjusted to correct an understatement in the balance of taxes receivable reported last year.

The beginning net asset balance of the Administrative Services Fund was adjusted to correct an understatement in the balance of cash reported in prior years.

The beginning balance of the net OPEB obligation was adjusted to correct an understatement in the SEOPEBP obligation reported last year, resulting from not receiving required actuarial information on time.

During the year, the State changed the method used to calculate the escheat liability to be in compliance with the calculation method described in GASB Statement No. 21, "Accounting for Escheat Property." Because of this change,

escheat revenue reported in the General fund increased by \$336 million this year.

**Fund Balance – Restricted and Assigned**

As of June 30, 2012 restricted and assigned fund balances of nonmajor governmental funds were comprised as follows:

	<u>Restricted Purposes</u>	<u>Assigned Purposes</u>
Grant and Loan Programs	\$ 630,657	\$ 9,405
Capital Projects	238,520	-
Environmental Programs	97,672	-
Housing Programs	109,955	-
Employment Security Administration	31,531	-
Banking	26,002	-
Other	44,807	13,365
<b>Total</b>	<u>\$ 1,179,144</u>	<u>\$ 22,770</u>

**Restricted Assets**

As of June 30, 2012, the government-wide statement of net assets reported \$2,753 of restricted net assets, of which \$192 million was restricted by enabling legislation.

**Note 24 Related Organizations**

The Community Economic Development Fund and the Connecticut Student Loan Foundation are legally separate organizations that are related to the State because the State appoints a voting majority of the organizations' governing board. However, the State's accountability for these organizations does not extend beyond making the appointments.

**Note 25 New Accounting Pronouncements**

In fiscal year 2012, the State implemented the Governmental Accounting Standard Board Statement No. 64, "Derivative Instruments: Application of Hedge Accounting Termination Provisions." The objective of this statement is to clarify whether an effective hedging relationship continues after replacement of a swap-counterparty or a swap-counterparty's credit support provider and sets forth criteria

that establish when hedge accounting should continue to be applied.

## **Note 26 Commitments and Contingencies**

### **A. Commitments**

#### ***Primary Government***

Commitments are defined as “existing arrangements to enter into future transactions or events, such as long-term contractual obligations with suppliers for future purchases at specified prices and sometimes at specified quantities.” As of June 30, 2012, the Departments of Transportation and Public Works had contractual commitments of approximately \$4,117 million for infrastructure and other construction projects. Additionally, other commitments were approximately as follows:

School construction and alteration grant program \$2,705 million.

Clean and drinking water loan programs \$679 million.

Various programs and services \$2,963 million.

All commitments are expected to be funded by federal grants, bond proceeds, and other resources.

#### ***Component Units***

As of December 31, 2011, the Connecticut Housing Finance Authority had mortgage loan commitments of approximately \$140 million.

### **B. Contingent Liabilities**

The State entered into a contractual agreement with H.N.S. Management Company, Inc. and ATE Management and Service Company, Inc. to manage and operate the bus transportation system for the State. The State shall pay all expenses of the system including all past, present and future pension plan liabilities of the personnel employed by the system and any other fees as agreed upon. When the agreement is terminated the State shall assume or make arrangements for the assumption of all the existing obligations of the management companies including but not limited to all past, present and future pension plan liabilities and obligations.

In 2002 the City of Waterbury issued \$97.5 million of General Obligation Special Capital Reserve Fund Bonds. These bonds are secured by a Special Capital Reserve Fund for which the State may be contingently liable as explained previously in Note 18 – Component Units.

As of June 30, 2012, the State reported an escheat liability of \$242.2 million in the General fund. This liability represents an estimate of the amount of escheat property likely to be refunded to claimants in the future. However, there is a reasonable possibility that the State could be liable for an additional amount of escheat refunds of \$207.6 million in the future.

Grant amounts received or receivable by the State from federal agencies are subject to audit and adjustment by these agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds.

The amount, if any, of expenditures that may be disallowed by the federal government cannot be determined at this time, although the State expects such amounts, if any, to be immaterial.

### **C. Litigation**

The State, its units and employees are parties to numerous legal proceedings, many of which normally occur in government operations. Most of these legal proceedings are not, in the opinion of the Attorney General, likely to have a material adverse impact on the State’s financial position.

There are, however, several legal proceedings which, if decided adversely against the State, may require the State to make material future expenditures for expanded services or capital facilities or may impair future revenue sources. It is neither possible to determine the outcome of these proceedings nor to estimate the possible effects adverse decisions may have on the future expenditures or revenue sources of the State.

## **Note 27 Subsequent Events**

Effective on July 1, 2012, Public act 12-1 sections 147 and 189 transferred all operations of the Connecticut Development Authority (CDA) to Connecticut Innovations Incorporated (CII), a quasi-public agency of the State of Connecticut.

Effective on July 1, 2012, Public act 12-149 combined the Connecticut Higher Education Supplemental Loan Authority (CHESLA) and made it a subsidiary of the Connecticut Health and Educational Facilities Authority (CHEFA).

Effective on July 1, 2012, the General Assembly renamed the Capital City Economic Development Authority (CCEDA) to be hence forth known as the Capital Region Development Authority (CRDA) and expanded the powers of the renamed authority to allow it to collect certain payments in lieu of taxes.

In September 2012, the State issued \$280.1 million of General Obligation bonds. The bonds will mature in 2032 and bear interest rates ranging from 2.0 percent to 5.0 percent.

In September 2012, the State issued \$69.8 million of General Obligation refunding bonds. The bonds will mature in years 2013 through 2015 and bear interest rates ranging from 1.00 percent and 4.00 percent

In September 2012, the State issued \$219.9 million of General Obligation SIFMA index bonds. The bonds will mature in 2024 and bear variable interest rates ranging from 2 to 65 basis points below the SIFMA index rate.

In November 2012, the State issued \$175.2 million of General Obligation bonds. The bonds will mature in 2032 and bear interest rates ranging from 1.5 percent to 5.0 percent.

In November 2012, the State issued \$224.8 million of Taxable General Obligation bonds. The bonds will mature

in 2022 and bear interest rates ranging from .465 percent to 2.551 percent.

In December 2012, the Connecticut Health and Educational Facilities Authority (a component unit of the State of Connecticut) issued \$34.060 million of Revenue Bonds on behalf of the Connecticut State University system. The bonds will mature in years 2013 through 2032 and bear interest rates ranging from 3.0 percent to 5.0 percent.

In December 2012, the State issued \$502.3 million of Special Tax Obligation Transportation Infrastructure bonds. The bonds will mature in years 2014 through 2033 and bear interest rates ranging from 2.0 percent to 5.0 percent.

In December 2012, the State issued \$125.1 million of Special Tax Obligation refunding bonds. The bonds will mature in years 2013 through 2025 and bear an interest rate of 5.0 percent.

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*Required  
PERS  
Supplementary  
Information*

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**Pension and Other Postemployment Benefit Plans  
Required Supplementary Information  
Schedules of Funding Progress**

(Expressed in Millions)

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL)	(b-a) Unfunded AAL (UAAL)	(a/b)	(c)	((b-a)/c) UAAL as a Percentage of Covered Payroll
<b>SERS</b>						
6/30/2007	\$9,585.1	\$17,888.1	\$8,303.0	53.6%	\$3,310.4	250.8%
6/30/2008	\$9,990.2	\$19,243.4	\$9,253.2	51.9%	\$3,497.4	264.6%
6/30/2009 *	\$-	\$-	\$-	0.0%	\$-	0.0%
6/30/2010	\$9,349.6	\$21,054.2	\$11,704.6	44.4%	\$3,295.7	355.1%
6/30/2011 *	\$-	\$-	\$-	0.0%	\$-	0.0%
6/30/2012	\$9,745.0	\$23,018.8	\$13,273.8	42.3%	\$3,354.7	395.7%

\*No actuarial valuation was performed.

**TRS**

6/30/2007 *	\$-	\$-	\$-	0.0%	\$-	0.0%
6/30/2008	\$15,271.0	\$21,801.0	\$6,530.0	70.0%	\$3,399.3	192.1%
6/30/2009 *	\$-	\$-	\$-	0.0%	\$-	0.0%
6/30/2010	\$14,430.2	\$23,495.9	\$9,065.7	61.4%	\$3,646.0	248.6%
6/30/2011 *	\$-	\$-	\$-	0.0%	\$-	0.0%
6/30/2012	\$13,734.8	\$24,862.2	\$11,127.4	55.2%	\$3,652.5	304.7%

\*No actuarial valuation was performed.

**JRS**

6/30/2007	\$182.4	\$261.2	\$78.8	69.8%	\$33.8	233.1%
6/30/2008	\$191.7	\$267.0	\$75.3	71.8%	\$34.0	221.5%
6/30/2009 *	\$-	\$-	\$-	0.0%	\$-	0.0%
6/30/2010	\$179.7	\$276.8	\$97.1	64.9%	\$31.6	307.3%
6/30/2011 *	\$-	\$-	\$-	0.0%	\$-	0.0%
6/30/2012	\$174.7	\$319.5	\$144.8	54.7%	\$30.3	477.9%

\*No actuarial valuation was performed.

**RTHP**

6/30/2008	\$-	\$2,318.8	\$2,318.8	0.0%	\$3,399.3	68.2%
6/30/2009 *	\$-	\$-	\$-	0.0%	\$-	0.0%
6/30/2010	\$-	\$2,997.8	\$2,997.8	0.0%	\$3,646.0	82.2%
6/30/2011 *	\$-	\$-	\$-	0.0%	\$-	0.0%
6/30/2012	\$-	\$3,048.3	\$3,048.3	0.0%	\$3,652.5	83.5%

\*No actuarial valuation was performed.

Actuarial valuations for other postemployment benefit plans are required to be disclosed starting with fiscal year 2008.

**SEOEPEBP**

6/30/2011	\$49.6	\$17,954.3	\$17,904.7	0.3%	\$3,902.2	458.8%
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June 30,2011 was the first year an actuarial valuation for State Employees Other Postemployment Benefit Plan was preformed.

# Pension and Other Postemployment Benefit Plans

## Required Supplementary Information

### Schedules of Employer Contributions

(Expressed in Millions)

Fiscal <u>Year</u>	<b>SERS</b>		<b>TRS</b>		<b>JRS</b>		<b>RTHP</b>		<b>SEOPBP</b>	
	Annual <u>Required Contribution</u>	Percentage <u>Contributed</u>								
2005	\$518.8	100.0%	\$281.4	65.8%	\$12.2	100.0%	\$0.0	0.0%	\$0.0	0.0%
2006	\$623.1	100.0%	\$396.2	100.0%	\$11.7	100.0%	\$0.0	0.0%	\$0.0	0.0%
2007	\$663.9	100.0%	\$416.0	99.0%	\$12.4	100.0%	\$0.0	0.0%	\$0.0	0.0%
2008	\$716.9	99.2%	\$518.6	485.7%	\$13.4	100.0%	\$116.1	21.5%	\$0.0	0.0%
2009	\$753.7	92.8%	\$539.3	100.0%	\$14.2	100.0%	\$116.7	25.3%	\$0.0	0.0%
2010	\$897.4	80.3%	\$559.2	100.0%	\$15.4	0.0%	\$121.3	10.0%	\$0.0	0.0%
2011	\$944.1	87.5%	\$581.6	100.0%	\$16.2	0.0%	\$177.1	3.0%	\$0.0	0.0%
2012	\$926.4	100.0%	\$757.2	100.0%	\$15.1	100.0%	\$184.1	26.9%	\$1,354.7	40.0%

Schedules of employer contributions for other postemployment benefit plans (RTHP) were required to be disclosed starting with fiscal year 2008. SEOPBP did not begin disclosing employer contributions until fiscal year 2012.

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*Combining  
Funds Statements  
and Schedules  
Nonmajor Funds*

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## Balance Sheet

### Nonmajor Governmental Funds-By Fund Type

June 30, 2012

(Expressed in Thousands)

	<b>Special Revenue Funds</b>	<b>Capital Projects Funds</b>	<b>Permanent Funds</b>	<b>Total</b>
<b>Assets</b>				
Cash and Cash Equivalents	\$ 242,329	\$ -	\$ 6,591	\$ 248,920
Investments	5,395	-	100,659	106,054
Securities Lending Collateral	-	-	16,298	16,298
Receivables:				
Accounts, Net of Allowances	23,934	-	-	23,934
Loans, Net of Allowances	318,029	-	-	318,029
From Other Governments	7,892	-	-	7,892
From Other Funds	422,754	424,999	2	847,755
Other Receivables	-	-	3	3
Total Assets	<u>\$ 1,020,333</u>	<u>\$ 424,999</u>	<u>\$ 123,553</u>	<u>\$ 1,568,885</u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts Payable and Accrued Liabilities	\$ 14,102	\$ 49,273	\$ -	\$ 63,375
Due to Other Funds	6,599	137,924	5,656	150,179
Due to Component Units	7,029	-	-	7,029
Deferred Revenue	34,872	-	-	34,872
Securities Lending Obligation	-	-	16,298	16,298
Total Liabilities	<u>62,602</u>	<u>187,197</u>	<u>21,954</u>	<u>271,753</u>
<b>Fund Balances</b>				
Nonspendable:				
Permanent Fund Principal	-	-	100,659	100,659
Restricted	934,970	238,520	5,654	1,179,144
Assigned	22,770	-	-	22,770
Unassigned	(9)	(718)	(4,714)	(5,441)
Total Fund Balances	<u>957,731</u>	<u>237,802</u>	<u>101,599</u>	<u>1,297,132</u>
Total Liabilities and Fund Balances	<u>\$ 1,020,333</u>	<u>\$ 424,999</u>	<u>\$ 123,553</u>	<u>\$ 1,568,885</u>

**Statement of Revenues, Expenditures and  
Changes in Fund Balances**  
**Nonmajor Governmental Funds - By Fund Type**

For The Fiscal Year Ended June 30, 2012

(Expressed in Thousands)

	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Permanent Funds</u>	<u>Total</u>
<b>Revenues</b>				
Licenses, Permits and Fees	\$ 45,033	\$ -	\$ -	\$ 45,033
Tobacco Settlement	123,799	-	-	123,799
Federal Grants and Aid	90,439	-	-	90,439
Charges for Services	4,907	-	-	4,907
Fines, Forfeits and Rents	1,219	-	-	1,219
Investment Earnings	3,445	-	6,554	9,999
Miscellaneous	126,200	324	-	126,524
Total Revenues	<u>395,042</u>	<u>324</u>	<u>6,554</u>	<u>401,920</u>
<b>Expenditures</b>				
Current:				
General Government	496,333	-	-	496,333
Regulation and Protection	173,847	-	-	173,847
Conservation and Development	348,710	-	664	349,374
Health and Hospitals	7,996	-	-	7,996
Transportation	4,428	-	-	4,428
Human Services	11,148	-	-	11,148
Education, Libraries, and Museums	18,304	-	5	18,309
Corrections	4,387	-	-	4,387
Judicial	44,873	-	11	44,884
Capital Projects	-	547,212	-	547,212
Debt Service:				
Interest and Fiscal Charges	3,850	3,058	-	6,908
Total Expenditures	<u>1,113,876</u>	<u>550,270</u>	<u>680</u>	<u>1,664,826</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(718,834)</u>	<u>(549,946)</u>	<u>5,874</u>	<u>(1,262,906)</u>
<b>Other Financing Sources (Uses)</b>				
Bonds Issued	902,963	602,998	-	1,505,961
Premium on Bonds Issued	94,302	74,140	-	168,442
Transfers In	80,796	-	33	80,829
Transfers Out	(217,980)	(336,174)	(3,461)	(557,615)
Total Other Financing Sources (Uses)	<u>860,081</u>	<u>340,964</u>	<u>(3,428)</u>	<u>1,197,617</u>
Net Change in Fund Balances	141,247	(208,982)	2,446	(65,289)
Fund Balances - Beginning	<u>816,484</u>	<u>446,784</u>	<u>99,153</u>	<u>1,362,421</u>
Fund Balances - Ending	<u>\$ 957,731</u>	<u>\$ 237,802</u>	<u>\$ 101,599</u>	<u>\$ 1,297,132</u>

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## ***Special Revenue Funds***

### ***Workers' Compensation Administration:***

to account for assessments collected for the purpose of covering the administrative costs of the Workers' Compensation Commission.

### ***Banking:***

to account for monies collected from various banking institutions throughout the state.

### ***Consumer Counsel and Public Utility Control:***

to account for monies collected from various public utility companies.

### ***Insurance:***

to account for monies collected from authorized insurers within the state.

### ***Criminal Injuries Compensation:***

to account for monies collected from the criminal injuries board.

### ***Regional Market Fund:***

to account for rents and other monies collected for the purpose of providing for the payment of expenses relating to the operation and maintenance of the regional market.

### ***Mashantucket Pequot and Mohegan Fund:***

to account for casino gambling monies collected from the Mashantucket Pequot Tribe and the Mohegan Tribe to be used for the purpose of distribution to towns.

### ***Soldiers, Sailors, and Marines Fund:***

to account for interest earned for the purpose of furnishing, food, wearing apparel, medical or surgical care, or funeral expenses of soldiers, sailors, and marines who served in any branch of military service.

### ***Employment Security Administration:***

to account for monies collected from various sources for the purpose of defraying the cost of the administration of unemployment compensation.

### ***Environmental Programs:***

to account for monies collected for the purpose of providing funds for various environmental programs throughout the state.

### ***Housing Programs:***

to account for monies collected for the purpose of providing funds for various housing programs throughout the state.

**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds**  
June 30, 2012  
(Expressed in Thousands)

	<u>Workers' Compensation</u>	<u>Banking</u>	<u>Consumer Counsel and Public Utility Control</u>	<u>Insurance</u>	<u>Criminal Injuries</u>	<u>Mashantucket Pequot and Mohegan Fund</u>
<b>Assets</b>						
Cash and Cash Equivalents	\$ 14,950	\$ 26,657	\$ 5,589	\$ 10,121	\$ 1,509	\$ 211
Investments	-	-	-	-	-	-
Receivables:						
Accounts, Net of Allowances	-	28	74	1	-	-
Loans, Net of Allowances	-	-	-	-	-	-
From Other Governments	-	-	-	-	-	-
From Other Funds	9	-	-	3	-	-
Total Assets	<u>\$ 14,959</u>	<u>\$ 26,685</u>	<u>\$ 5,663</u>	<u>\$ 10,125</u>	<u>\$ 1,509</u>	<u>\$ 211</u>
<b>Liabilities and Fund Balances</b>						
<b>Liabilities</b>						
Accounts Payable and Accrued Liabilities	\$ 441	\$ 524	\$ 455	\$ 564	\$ 266	\$ -
Deferred Revenue	-	23	5,111	6,023	-	-
Due to Other Funds	159	136	106	173	-	-
Due to Component Units	-	-	-	-	-	-
Total Liabilities	<u>600</u>	<u>683</u>	<u>5,672</u>	<u>6,760</u>	<u>266</u>	<u>-</u>
<b>Fund Balances</b>						
Restricted	14,359	26,002	-	3,365	1,243	211
Assigned	-	-	-	-	-	-
Unassigned	-	-	(9)	-	-	-
Total Fund Balances (Deficit)	<u>14,359</u>	<u>26,002</u>	<u>(9)</u>	<u>3,365</u>	<u>1,243</u>	<u>211</u>
Total Liabilities and Fund Balances	<u>\$ 14,959</u>	<u>\$ 26,685</u>	<u>\$ 5,663</u>	<u>\$ 10,125</u>	<u>\$ 1,509</u>	<u>\$ 211</u>

<u>Regional Market</u>	<u>Soldiers, Sailors, &amp; Marines</u>	<u>Employment Security Administration</u>	<u>Grant &amp; Loan Programs</u>	<u>Environmental Programs</u>	<u>Housing Programs</u>	<u>Other</u>	<u>Total</u>
\$ 975	\$ -	\$ 26,252	\$ 65	\$ 80,444	\$ 40,415	\$ 35,141	\$ 242,329
-	-	-	-	\$ 5,395	-	-	\$ 5,395
-	-	-	13,111	11	1,670	9,039	23,934
-	-	-	236,513	11,935	69,549	32	318,029
-	-	7,892	-	-	-	-	7,892
-	5,449	369	416,913	-	-	11	422,754
<u>\$ 975</u>	<u>\$ 5,449</u>	<u>\$ 34,513</u>	<u>\$ 666,602</u>	<u>\$ 97,785</u>	<u>\$ 111,634</u>	<u>\$ 44,223</u>	<u>\$ 1,020,333</u>
\$ 39	\$ 24	\$ 2,481	\$ 6,401	\$ 81	\$ 8	\$ 2,818	\$ 14,102
-	-	-	13,089	11	1,670	8,945	34,872
4	5,406	501	21	21	1	71	6,599
-	-	-	7,029	-	-	-	7,029
<u>43</u>	<u>5,430</u>	<u>2,982</u>	<u>26,540</u>	<u>113</u>	<u>1,679</u>	<u>11,834</u>	<u>62,602</u>
932	19	31,531	630,657	97,672	109,955	19,024	934,970
-	-	-	9,405	-	-	13,365	22,770
-	-	-	-	-	-	-	(9)
<u>932</u>	<u>19</u>	<u>31,531</u>	<u>640,062</u>	<u>97,672</u>	<u>109,955</u>	<u>32,389</u>	<u>957,731</u>
<u>\$ 975</u>	<u>\$ 5,449</u>	<u>\$ 34,513</u>	<u>\$ 666,602</u>	<u>\$ 97,785</u>	<u>\$ 111,634</u>	<u>\$ 44,223</u>	<u>\$ 1,020,333</u>

**Combining Statement of Revenues, Expenditures and  
Changes in Fund Balances  
Nonmajor Special Revenue Funds**

For The Fiscal Year Ended June 30, 2012

(Expressed in Thousands)

	<u>Workers' Compensation</u>	<u>Banking</u>	<u>Public Utility Control</u>	<u>Consumer Counsel</u>	<u>Insurance</u>	<u>Criminal Injuries</u>	<b>Mashantucket Pequot and Mohegan Fund</b>
<b>Revenues</b>							
Licenses, Permits, and Fees	\$ -	\$ 31,551	\$ 29	\$ -	\$ 1,118	\$ -	
Tobacco Settlement	-	-	-	-	-	-	
Federal Grants and Aid	-	-	-	-	-	-	
Charges for Services	13	-	-	-	-	-	
Fines, Forfeits, and Rents	-	-	9	-	118	-	
Investment Earnings	38	-	-	-	17	3	
Miscellaneous	<u>24,898</u>	<u>5</u>	<u>23,697</u>	<u>23,957</u>	<u>1,692</u>	<u>-</u>	
Total Revenues	<u>24,949</u>	<u>31,556</u>	<u>23,735</u>	<u>23,974</u>	<u>2,931</u>	<u>-</u>	
<b>Expenditures</b>							
Current:							
General Government	442	-	-	334	-	61,679	
Regulation and Protection	16,595	18,589	2,466	23,394	-	-	
Conservation and Development	-	168	19,455	-	-	-	
Health and Hospitals	-	-	-	-	-	-	
Transportation	-	-	-	-	-	-	
Human Services	12	-	-	475	-	-	
Education, Libraries, and Museums	1,723	-	-	-	-	-	
Corrections	-	-	-	-	-	-	
Judicial	-	4,787	-	-	3,404	-	
Debt Service:							
Interest and Fiscal Charges	-	-	-	-	-	-	
Total Expenditures	<u>18,772</u>	<u>23,544</u>	<u>21,921</u>	<u>24,203</u>	<u>3,404</u>	<u>61,679</u>	
Excess (Deficiency) of Revenues Over Expenditures	<u>6,177</u>	<u>8,012</u>	<u>1,814</u>	<u>(229)</u>	<u>(473)</u>	<u>(61,679)</u>	
<b>Other Financing Sources (Uses)</b>							
Bonds Issued	-	-	-	-	-	-	
Premium on Bonds Sold	-	-	-	-	-	-	
Transfers In	-	-	-	-	-	61,800	
Transfers Out	-	-	-	-	-	-	
Total Other Financing Sources (Uses)	-	-	-	-	-	61,800	
Net Change in Fund Balances	6,177	8,012	1,814	(229)	(473)	121	
Fund Balances (Deficit) - Beginning	8,182	17,990	(1,823)	3,594	1,716	90	
Fund Balances (Deficit) - Ending	<u>\$ 14,359</u>	<u>\$ 26,002</u>	<u>\$ (9)</u>	<u>\$ 3,365</u>	<u>\$ 1,243</u>	<u>\$ 211</u>	

Regional Market	Soldiers, Sailors, & Marines	Employment Security Administration						Environmental Programs	Housing Programs	Other	Total
		Grant & Loan Programs	Administration	Loan Programs	Grant &	Administration	Loan Programs				
\$ -	\$ -	\$ 1,205	\$ -	\$ -	\$ 2,865	\$ -	\$ 8,265	\$ 45,033			
-	-	-	-	-	-	-	-	123,799	123,799		
-	-	90,439	-	-	-	-	-	-	-	90,439	
-	-	-	-	-	-	-	-	4,894	4,907		
888	-	-	-	-	-	-	-	204	1,219		
2	-	25	2,981	-	247	56	76	3,445			
-	-	263	7,898	-	37	314	43,439	126,200			
<b>890</b>	<b>-</b>	<b>91,932</b>	<b>10,879</b>	<b>3,149</b>	<b>370</b>	<b>180,677</b>	<b>395,042</b>				
-	-	-	420,561	-	4,290	-	9,027	496,333			
-	-	98,032	3,590	-	-	-	11,181	173,847			
869	-	-	206,262	90,805	30,219	932	348,710				
-	-	-	5,538	-	-	-	2,458	7,996			
-	-	-	4,287	-	-	-	141	4,428			
-	3,014	-	6,842	-	-	-	805	11,148			
-	-	-	11,790	-	-	-	4,791	18,304			
-	-	-	3,095	-	-	-	1,292	4,387			
-	-	-	-	-	-	-	36,682	44,873			
<b>38</b>	<b>-</b>	<b>28</b>	<b>3,351</b>	<b>221</b>	<b>129</b>	<b>83</b>	<b>3,850</b>				
<b>907</b>	<b>3,014</b>	<b>98,060</b>	<b>665,316</b>	<b>95,316</b>	<b>30,348</b>	<b>67,392</b>	<b>1,113,876</b>				
<b>(17)</b>	<b>(3,014)</b>	<b>(6,128)</b>	<b>(654,437)</b>	<b>(92,167)</b>	<b>(29,978)</b>	<b>113,285</b>	<b>(718,834)</b>				
-	-	-	790,533	60,000	34,930	17,500	902,963				
-	-	-	84,521	4,712	2,744	2,325	94,302				
-	3,019	3,364	6,113	-	-	6,500	80,796				
-	-	-	(81,171)	(6,896)	(4,728)	(125,185)	(217,980)				
-	3,019	3,364	799,996	57,816	32,946	(98,860)	860,081				
(17)	5	(2,764)	145,559	(34,351)	2,968	14,425	141,247				
949	14	34,295	494,503	132,023	106,987	17,964	816,484				
<b>\$ 932</b>	<b>\$ 19</b>	<b>\$ 31,531</b>	<b>\$ 640,062</b>	<b>\$ 97,672</b>	<b>\$ 109,955</b>	<b>\$ 32,389</b>	<b>\$ 957,731</b>				

**Schedule of Revenues, Expenditures, and  
Changes in Fund Balances**  
**Budget and Actual - Non-GAAP Budgetary Basis**  
**Budgeted Nonmajor Special Revenue Funds**

For the Fiscal Year Ended June 30, 2012

(Expressed in Thousands)

	Workers' Compensation			Banking		
	Final Budget	Actual	Variance	Final		
				Budget	Actual	Variance
<b>Revenues</b>						
Budgeted:						
Fees, Assessments, and Other Income	\$ 22,300	\$ 24,949	\$ 2,649	\$ 25,900	\$ 30,852	\$ 4,952
Total Budgeted Revenues	<u>22,300</u>	<u>24,949</u>	<u>2,649</u>	<u>25,900</u>	<u>30,852</u>	<u>4,952</u>
<b>Expenditures</b>						
Budgeted:						
General Government	718	462	256	-	-	-
Regulation and Protection	19,497	16,833	2,664	21,504	18,950	2,554
Conservation and Development	-	-	-	168	169	-
Health and Hospitals	-	-	-	-	-	-
Human Services	2,126	1,750	-	-	-	-
Judicial	-	-	-	5,253	4,889	364
Total Budgeted Expenditures	<u>22,341</u>	<u>19,045</u>	<u>2,920</u>	<u>26,925</u>	<u>24,008</u>	<u>2,918</u>
Excess (Deficiency) of Revenues						
Over Expenditures	(41)	5,904	5,569	(1,025)	6,844	7,869
<b>Other Financing Sources (Uses)</b>						
Use of Fund Balance from Prior Years	-	-	-	700	700	-
Prior Year Appropriations Carried Forward	81	81	-	115	115	-
Appropriations Continued to Fiscal Year 2013	-	(234)	(234)	-	(37)	(37)
Total Other Financing Sources (Uses)	<u>81</u>	<u>(153)</u>	<u>(234)</u>	<u>815</u>	<u>778</u>	<u>(37)</u>
Net Change in Fund Balances	\$ 40	5,751	\$ 5,335	\$ (210)	7,622	\$ 7,832
Budgetary Fund Balances - July 1		9,054			19,113	
Changes in Reserves		153			(78)	
Budgetary Fund Balances - June 30		<u>\$ 14,958</u>			<u>\$ 26,657</u>	

Consumer Counsel & Public Utility Control			Insurance		
Final			Final		
<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
\$ 26,300	\$ 22,260	\$ (4,040)	\$ 26,700	\$ 24,963	\$ (1,737)
<u>26,300</u>	<u>22,260</u>	<u>(4,040)</u>	<u>26,700</u>	<u>24,963</u>	<u>(1,737)</u>
-	-	-	370	341	29
3,034	2,563	471	24,281	22,345	1,936
23,395	19,949	3,446	-	-	-
-	-	-	1,495	1,427	68
-	-	-	475	475	-
-	-	-	-	-	-
<u>26,429</u>	<u>22,512</u>	<u>3,917</u>	<u>26,621</u>	<u>24,588</u>	<u>2,033</u>
(129)	(252)	(123)	79	375	296
-	-	-	-	-	-
-	-	-	-	-	-
-	(1,200)	(1,200)	-	-	-
-	(1,200)	(1,200)	-	-	-
<u>\$ (129)</u>	<u>(1,452)</u>	<u>\$ (1,323)</u>	<u>\$ 79</u>	<u>375</u>	<u>\$ 296</u>
5,841			9,749		
1,200			-		
<u>\$ 5,589</u>			<u>\$ 10,124</u>		

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**Schedule of Revenues, Expenditures, and  
Changes in Fund Balances**  
**Budget and Actual - Non-GAAP Budgetary Basis**  
**Budgeted Nonmajor Special Revenue Funds (Continued)**

For the Fiscal Year Ended June 30, 2012

(Expressed in Thousands)

	<b>Criminal Injuries Compensation</b>			<b>Mashantucket Pequot and Mohegan Fund</b>		
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>
<b>Revenues</b>						
Budgeted:						
Operating Transfers In	\$ -	\$ -	\$ -	\$ 61,800	\$ 61,800	\$ -
Fees, Assessments, and Other Income	<u>3,310</u>	<u>2,731</u>	<u>(579)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Budgeted Revenues	<u>3,310</u>	<u>2,731</u>	<u>(579)</u>	<u>61,800</u>	<u>61,800</u>	<u>-</u>
<b>Expenditures</b>						
Budgeted:						
General Government	-	-	-	61,780	61,679	101
Conservation and Development	-	-	-	-	-	-
Human Services	-	-	-	-	-	-
Judicial	3,494	3,394	100	-	-	-
Non Functional	-	-	-	-	-	-
Total Budgeted Expenditures	<u>3,494</u>	<u>3,394</u>	<u>100</u>	<u>61,780</u>	<u>61,679</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(184)</u>	<u>(663)</u>	<u>(479)</u>	<u>20</u>	<u>121</u>	<u>101</u>
<b>Other Financing Sources (Uses)</b>						
Use of Fund Balance from Prior Years	200	200	-	-	-	-
Appropriations Continued to Fiscal Year 2013	-	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>200</u>	<u>200</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ 16</u>	<u>(463)</u>	<u>\$ (479)</u>	<u>\$ 20</u>	<u>121</u>	<u>\$ 101</u>
Budgetary Fund Balances - July 1		1,972			90	
Changes in Reserves		-			-	
Budgetary Fund Balances - June 30		<u>\$ 1,509</u>			<u>\$ 211</u>	

Regional Market			Soldiers, Sailors, and Marines		
<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
\$ -	\$ -	\$ -	\$ 3,100	\$ 2,295	\$ (805)
925	844	(81)	-	-	-
<u>925</u>	<u>844</u>	<u>(81)</u>	<u>3,100</u>	<u>2,295</u>	<u>(805)</u>
-	-	-	-	-	-
927	851	76	-	-	-
-	-	-	3,035	3,035	-
-	-	-	-	-	-
38	38	-	-	-	-
<u>965</u>	<u>889</u>	<u>76</u>	<u>3,035</u>	<u>3,035</u>	<u>-</u>
<u>(40)</u>	<u>(45)</u>	<u>(5)</u>	<u>65</u>	<u>(740)</u>	<u>(805)</u>
45	45	-	-	-	-
-	-	-	-	(26)	(26)
45	45	-	-	(26)	(26)
<u>\$ 5</u>	<u>-</u>	<u>\$ (5)</u>	<u>\$ 65</u>	<u>(766)</u>	<u>\$ (831)</u>
975			(4,659)	26	
<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<u>\$ 975</u>			<u>\$ (5,399)</u>		

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## ***Capital Projects Funds***

***State Facilities:***

to account for proceeds of bond issues and other sources and the subsequent expenditures for the construction of various state buildings and structures.

***Infrastructure:***

to account for the proceeds of bond issues and related capital project grants to finance the State's transportation infrastructure program over a ten-year period. This program encompasses the planning, acquisition, removal, construction, equipping, reconstruction, repair, rehabilitation and improvement of, and acquisition of easements and rights-of-way with respect to, State highways and bridges, projects on the interstate highway system, alternate highway projects in the interstate substitution program (the "interstate trade-in program"), waterway facilities, aeronautic facilities (excluding Bradley International Airport), the highway safety program, maintenance garages, and administrative facilities of the Department, payment of the State's share of the costs of the local bridge program and payment of State contributions to the local bridge revolving fund.

***Other Transportation:***

to account for the proceeds of bond issues and related grants to be used for other transportation related capital projects.

# Combining Balance Sheet

## Nonmajor Capital Projects Funds

June 30, 2012

(Expressed in Thousands)

	State			
	<u>Facilities</u>	<u>Infrastructure</u>	<u>Transportation</u>	<u>Total</u>
<b>Assets</b>				
Due From Other Funds	\$ 154,303	\$ 270,696	\$ -	\$ 424,999
Total Assets	<u>\$ 154,303</u>	<u>\$ 270,696</u>	<u>\$ -</u>	<u>\$ 424,999</u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts Payable and Accrued Liabilities	\$ 18,439	\$ 30,834	\$ -	\$ 49,273
Due To Other Funds	<u>136,977</u>	<u>229</u>	<u>718</u>	<u>137,924</u>
Total Liabilities	<u>155,416</u>	<u>31,063</u>	<u>718</u>	<u>187,197</u>
<b>Fund Balances</b>				
Restricted-Capital Projects	(1,113)	239,633	-	238,520
Unassigned	<u>-</u>	<u>-</u>	<u>(718)</u>	<u>(718)</u>
Total Fund Balances (Deficit)	<u>(1,113)</u>	<u>239,633</u>	<u>(718)</u>	<u>237,802</u>
Total Liabilities and Fund Balances	<u>\$ 154,303</u>	<u>\$ 270,696</u>	<u>\$ -</u>	<u>\$ 424,999</u>

**Combining Statement of Revenues, Expenditures and  
Changes in Fund Balances  
Nonmajor Capital Projects Funds**

For The Fiscal Year Ended June 30, 2012

(Expressed in Thousands)

	<u>State</u>				
	<u>Facilities</u>	<u>Infrastructure</u>	<u>Transportation</u>		<u>Total</u>
<b>Revenues</b>					
Miscellaneous	\$ 319	\$ 5	\$ -	\$	324
Total Revenues	<u>319</u>	<u>5</u>	<u>-</u>		<u>324</u>
<b>Expenditures</b>					
Capital Projects	130,952	416,260	-		547,212
Debt Service:					
Interest and Fiscal Charges	1,904	1,154	-		3,058
Total Expenditures	<u>132,856</u>	<u>417,414</u>	<u>-</u>		<u>550,270</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(132,537)</u>	<u>(417,409)</u>	<u>-</u>		<u>(549,946)</u>
<b>Other Financing Sources (Uses)</b>					
Bonds Issued	381,768	221,230	-		602,998
Premium on Bonds Issued	43,968	30,172	-		74,140
Transfer Out	<u>(335,926)</u>	<u>(248)</u>	<u>-</u>		<u>(336,174)</u>
Total Other Financing Sources (Uses)	<u>89,810</u>	<u>251,154</u>	<u>-</u>		<u>340,964</u>
Net Change in Fund Balances	<u>(42,727)</u>	<u>(166,255)</u>	<u>-</u>		<u>(208,982)</u>
Fund Balances - Beginning	<u>41,614</u>	<u>405,888</u>	<u>(718)</u>		<u>446,784</u>
Fund Balances (Deficit) - Ending	<u>\$ (1,113)</u>	<u>\$ 239,633</u>	<u>\$ (718)</u>	<u>\$</u>	<u>237,802</u>

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## ***Permanent Funds***

### ***Soldiers', Sailors', and Marines':***

to account for the principal and interest earned on investments of this fund. Interest earned has been earmarked by the General Assembly for the benefit of resident veterans to provide such things as food, wearing apparel, medical or surgical aid, care and relief, or funeral benefits.

### ***Connecticut Arts Endowment:***

A fund established to support arts organizations throughout Connecticut. The fund administered by the Connecticut Commission on the Arts, finances grants to eligible arts organizations throughout the state.

# Combining Balance Sheet

## Nonmajor Permanent Funds

June 30, 2012

(Expressed in Thousands)

	<u>Soldiers, Sailors, &amp; Marines</u>	<u>Connecticut Arts Endowment</u>	<u>Other</u>	<u>Total</u>
<b>Assets</b>				
Cash and Cash Equivalents	\$ 734	\$ 7	\$ 5,850	\$ 6,591
Investments	66,634	17,646	16,379	100,659
Securities Lending Collateral	10,938	2,754	2,606	16,298
Other Receivables	1	1	1	3
Due From Other Funds	-	-	2	2
<b>Total Assets</b>	<b>\$ 78,307</b>	<b>\$ 20,408</b>	<b>\$ 24,838</b>	<b>\$ 123,553</b>
<b>Liabilities and Fund Balance</b>				
<b>Liabilities</b>				
Due To Other Funds	\$ 5,449	\$ -	\$ 207	\$ 5,656
Securities Lending Obligation	10,938	2,754	2,606	16,298
<b>Total Liabilities</b>	<b>16,387</b>	<b>2,754</b>	<b>2,813</b>	<b>21,954</b>
<b>Fund Balances</b>				
Nonspendable:				
Permanent Fund Principal	66,634	17,646	16,379	100,659
Restricted	-	8	5,646	5,654
Unassigned	(4,714)	-	-	(4,714)
<b>Total Fund Balances</b>	<b>61,920</b>	<b>17,654</b>	<b>22,025</b>	<b>101,599</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 78,307</b>	<b>\$ 20,408</b>	<b>\$ 24,838</b>	<b>\$ 123,553</b>

# Combining Statement of Revenues, Expenditures and Changes in Fund Balances

## Nonmajor Permanent Funds

For The Fiscal Year Ended June 30, 2012  
(Expressed in Thousands)

	<u>Soldiers, Sailors, &amp; Marines</u>	<u>Connecticut Arts Endowment</u>	<u>Other</u>	<u>Total</u>
<b>Revenues</b>				
Investment Earnings	\$ 4,429	\$ 1,174	\$ 951	\$ 6,554
Total Revenues	<u>4,429</u>	<u>1,174</u>	<u>951</u>	<u>6,554</u>
<b>Expenditures</b>				
Conservation and Development	-	664	-	664
Education, Libraries, and Museums	-	-	5	5
Judicial	-	-	11	11
Total Expenditures	<u>-</u>	<u>664</u>	<u>16</u>	<u>680</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>4,429</u>	<u>510</u>	<u>935</u>	<u>5,874</u>
<b>Other Financing Sources (Uses)</b>				
Transfers Out	(3,018)	-	(443)	(3,461)
Transfers In	-	-	33	33
Total Other Financing Sources (Uses)	<u>(3,018)</u>	<u>-</u>	<u>(410)</u>	<u>(3,428)</u>
Net Change in Fund Balances	1,411	510	525	2,446
Fund Balances - Beginning	60,509	17,144	21,500	99,153
Fund Balances - Ending	<u>\$ 61,920</u>	<u>\$ 17,654</u>	<u>\$ 22,025</u>	<u>\$ 101,599</u>

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## ***Enterprise Funds***

### ***Bradley Parking Garage:***

In 2000, Bradley parking garage bonds were issued in the amount of \$53,800,000. These bonds were issued to build a parking garage at the airport.

### ***Second Injury and Compensation Assurance:***

An extension of the Worker's compensation Act, the fund is currently used to pay claimants whose injuries are made more severe because of a pre-existing condition and in cases where an injured worker receiving worker's compensation subsequently undergoes an incapacitating relapse.

### ***Drinking Water:***

to account for resources used to provide loans to municipalities to finance activities needed to achieve or maintain compliance with the Safe Drinking Water Act.

# Combining Statement of Net Assets

## Nonmajor Enterprise Funds

June 30, 2012

(Expressed in Thousands)

	<u>Community/ Technical Colleges</u>	<u>Second Injury &amp; Compensation Assurance</u>	<u>Bradley Parking Garage</u>
<b>Assets</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 93,259	\$ 30,090	\$ 88
Accounts Receivable, Net of Allowances	6,695	6,282	655
Loans, Net of Allowances	-	-	-
Interest Receivable	-	-	-
Due From Other Funds	121,771	-	-
Due From Other Governments	-	-	-
Other	205	3	-
Total Current Assets	<u>221,930</u>	<u>36,375</u>	<u>743</u>
Noncurrent Assets:			
Cash and Cash Equivalents	-	-	-
Receivables:			
Loans, Net of Allowances	501	-	-
Restricted Assets	-	-	13,812
Capital Assets, Net of Accumulated Depreciation	649,998	-	30,311
Other Noncurrent Assets	-	-	662
Total Noncurrent Assets	<u>650,499</u>	<u>-</u>	<u>44,785</u>
Total Assets	<u>872,429</u>	<u>36,375</u>	<u>45,528</u>
<b>Liabilities</b>			
Current Liabilities:			
Accounts Payable and Accrued Liabilities	46,695	9,419	2,349
Current Portion of Long-Term Debt	3,408	449	2,069
Deferred Revenue	3,279	-	-
Other Current Liabilities	285	-	-
Total Current Liabilities	<u>53,667</u>	<u>9,868</u>	<u>4,418</u>
Noncurrent Liabilities:			
Noncurrent Portion of Long-Term Liabilities	37,060	1,302	68,237
Total Noncurrent Liabilities	<u>37,060</u>	<u>1,302</u>	<u>68,237</u>
Total Liabilities	<u>90,727</u>	<u>11,170</u>	<u>72,655</u>
<b>Net Assets (Deficit)</b>			
Invested in Capital Assets, Net of Related Debt	649,998	-	(9,074)
Restricted for:			
Debt Service	-	-	4,508
Drinking Water Projects	-	-	-
Nonexpendable Purposes	20	-	-
Other Purposes	103,366	-	-
Unrestricted (Deficit)	<u>28,318</u>	<u>25,205</u>	<u>(22,561)</u>
Total Net Assets (Deficit)	<u>\$ 781,702</u>	<u>\$ 25,205</u>	<u>\$ (27,127)</u>

<u>Drinking Water</u>	<u>Rate Reduction Bond Operations (12-31-11)</u>	<u>Total</u>
\$ 7,624	\$ -	\$ 131,061
-	-	13,632
4,896	-	4,896
242	-	242
-	-	121,771
309	-	309
-	-	208
<u>13,071</u>	<u>-</u>	<u>272,119</u>
47,397	-	47,397
62,569	-	63,070
67,651	20	81,483
-	-	680,309
918	-	1,580
<u>178,535</u>	<u>20</u>	<u>873,839</u>
<u>191,606</u>	<u>20</u>	<u>1,145,958</u>
883	-	59,346
4,952	-	10,878
-	-	3,279
-	-	285
<u>5,835</u>	<u>-</u>	<u>73,788</u>
<u>53,370</u>	<u>-</u>	<u>159,969</u>
<u>53,370</u>	<u>-</u>	<u>159,969</u>
<u>59,205</u>	<u>-</u>	<u>233,757</u>
-	-	640,924
-	-	4,508
119,177	-	119,177
-	-	20
-	-	103,366
13,224	20	44,206
<u>\$ 132,401</u>	<u>\$ 20</u>	<u>\$ 912,201</u>

**Combining Statement of Revenues, Expenses and  
Changes in Fund Net Assets  
Nonmajor Enterprise Funds**

For The Fiscal Year Ended June 30, 2012  
(Expressed in Thousands)

	<u>Community/ Technical Colleges</u>	<u>Second Injury &amp; Compensation Assurance</u>	<u>Bradley Parking Garage</u>
<b>Operating Revenues</b>			
Assessments	\$ -	\$ 32,069	\$ -
Charges for Sales and Services	96,524	-	21,703
Federal Grants and Contracts	90,198	-	-
State Grants and Contracts	16,972	-	-
Private Gifts and Grants	6,177	-	-
Interest on Loans	-	-	-
Miscellaneous	4,870	850	-
Total Operating Revenues	<u>214,741</u>	<u>32,919</u>	<u>21,703</u>
<b>Operating Expenses</b>			
Salaries, Wages, and Administrative	413,321	6,610	7,199
Claims Paid	-	31,903	-
Depreciation and Amortization	21,443	1	1,174
Other	42,730	-	-
Total Operating Expenses	<u>477,494</u>	<u>38,514</u>	<u>8,373</u>
Operating Income	<u>(262,753)</u>	<u>(5,595)</u>	<u>13,330</u>
<b>Nonoperating Revenues (Expenses)</b>			
Interest and Investment Income	163	52	20
Interest and Fiscal Charges	-	-	(3,172)
Other	1,518	-	(1,088)
Total Nonoperating Income (Expense)	<u>1,681</u>	<u>52</u>	<u>(4,240)</u>
Income (Loss) Before Grants, and Transfers	<u>(261,072)</u>	<u>(5,543)</u>	<u>9,090</u>
Federal Capitalization Grants	-	-	-
Transfers In	266,704	-	-
Transfers Out	-	-	(10,267)
Change in Net Assets	5,632	(5,543)	(1,177)
Total Net Assets (Deficit) - Beginning	776,070	30,748	(25,950)
Total Net Assets (Deficit) - Ending	<u>\$ 781,702</u>	<u>\$ 25,205</u>	<u>\$ (27,127)</u>

		<b>Rate Reduction</b>	
		<b>Bond</b>	
<b>Drinking</b>		<b>Operations</b>	
<b>Water</b>		<u>(12-31-11)</u>	<u>Total</u>
\$	-	\$	\$
			32,069
	-	-	118,227
	-	-	90,198
	-	-	16,972
	-	-	6,177
1,595		-	1,595
	-	-	5,720
<u>1,595</u>	<u>      </u>	<u>      </u>	<u>270,958</u>
4,126		-	431,256
	-	-	31,903
	-	-	22,618
906		-	43,636
<u>5,032</u>	<u>      </u>	<u>      </u>	<u>529,413</u>
<u>(3,437)</u>	<u>      </u>	<u>      </u>	<u>(258,455)</u>
1,124		-	1,359
(3,059)		(2)	(6,233)
<u>283</u>	<u>      </u>	<u>      </u>	<u>713</u>
<u>(1,652)</u>	<u>      </u>	<u>      </u>	<u>(4,161)</u>
<u>(5,089)</u>	<u>      </u>	<u>      </u>	<u>(262,616)</u>
6,704		-	6,704
5,644		-	272,348
-		-	(10,267)
7,259		(2)	6,169
<u>125,142</u>	<u>      </u>	<u>      </u>	<u>906,032</u>
<u>\$ 132,401</u>	<u>      </u>	<u>      </u>	<u>\$ 912,201</u>

# Combining Statement of Cash Flows

## Nonmajor Enterprise Funds

For the Fiscal Year Ended June 30, 2012

(Expressed in Thousands)

	<u>Community/ Technical Colleges</u>	<u>Second Injury &amp; Compensation Assurance</u>	<u>Bradley Parking Garage</u>
<b>Cash Flows from Operating Activities</b>			
Receipts from Customers	\$ 96,091	\$ 32,069	\$ 21,703
Payments to Suppliers	(78,409)	-	(5,431)
Payments to Employees	(350,145)	(8,430)	(1,767)
Other Receipts (Payments)	126,914	(30,317)	874
Net Cash Provided by (Used in) Operating Activities	<u>(205,549)</u>	<u>(6,678)</u>	<u>15,379</u>
<b>Cash Flows from Noncapital Financing Activities</b>			
Retirement of Bonds and Annuities Payable	-	-	(1,865)
Interest of Bonds	-	-	-
Transfers In	226,082	-	-
Transfers Out	-	-	(10,267)
Other Receipts (Payments)	11,557	-	(46)
Net Cash Flows from Noncapital Financing Activities	<u>237,639</u>	<u>-</u>	<u>(12,178)</u>
<b>Cash Flows from Capital and Related Financing Activities</b>			
Additions to Property, Plant, and Equipment	(10,090)	-	-
Interest Paid on Capital Debt	-	-	(3,172)
Federal Grant	-	-	-
Transfer In	45,452	-	-
Other Receipts (Payments)	(83,338)	-	-
Net Cash Flows from Capital and Related Financing Activities	<u>(47,976)</u>	<u>-</u>	<u>(3,172)</u>
<b>Cash Flows from Investing Activities</b>			
Interest on Investments	191	52	20
Other Receipts (Payments)	-	-	-
Net Cash Flows from Investing Activities	<u>191</u>	<u>52</u>	<u>20</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>(15,695)</u>	<u>(6,626)</u>	<u>49</u>
Cash and Cash Equivalents - Beginning of Year	<u>108,953</u>	<u>36,716</u>	<u>39</u>
Cash and Cash Equivalents - End of Year	<u>\$ 93,258</u>	<u>\$ 30,090</u>	<u>\$ 88</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used In) Operating Activities</b>			
Operating Income (Loss)	\$ (262,754)	\$ (5,594)	\$ 13,330
Adjustments not Affecting Cash:			
Depreciation and Amortization	21,443	1	1,174
Other	(10,121)	-	-
Change in Assets and Liabilities:			
(Increase) Decrease in Receivables, Net	670	(601)	(1,048)
(Increase) Decrease in Inventories and Other Assets	51,914	34	1,283
Increase (Decrease) in Accounts Payables & Accrued Liabilities	<u>(6,701)</u>	<u>(518)</u>	<u>640</u>
Total Adjustments	<u>57,205</u>	<u>(1,084)</u>	<u>2,049</u>
Net Cash Provided by (Used In) Operating Activities	<u>\$ (205,549)</u>	<u>\$ (6,678)</u>	<u>\$ 15,379</u>

**Rate Reduction**

<b>Drinking Water</b>	<b>Bond Operations (12-31-11)</b>	<b>Totals</b>
\$ 6,996	\$ -	\$ 156,859
(906)	-	(84,746)
(2,909)	-	(363,251)
(2,916)	-	94,555
<u>265</u>	<u>-</u>	<u>(196,583)</u>
(4,643)	-	(6,508)
(2,391)	-	(2,391)
5,644	-	231,726
-	-	(10,267)
-	(2)	11,509
<u>(1,390)</u>	<u>(2)</u>	<u>224,069</u>
-	-	(10,090)
-	-	(3,172)
5,918	-	5,918
-	-	45,452
-	-	(83,338)
<u>5,918</u>	<u>-</u>	<u>(45,230)</u>
1,143	-	1,406
<u>(6,521)</u>	<u>-</u>	<u>(6,521)</u>
<u>(5,378)</u>	<u>-</u>	<u>(5,115)</u>
(585)	(2)	(22,859)
8,209	22	153,939
<u>\$ 7,624</u>	<u>\$ 20</u>	<u>\$ 131,080</u>
\$ (3,437)	\$ -	\$ (258,455)
-	-	22,618
-	-	(10,121)
109	-	(870)
3,593	-	56,824
-	-	(6,579)
3,702	-	61,872
<u>\$ 265</u>	<u>\$ -</u>	<u>\$ (196,583)</u>

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## ***Internal Service Funds***

***Correction Industries:***

to account for the revenues and expenses associated with the sale of goods resulting from the industrial activities of the inmates at correctional institutions.

***Administrative Services:***

to account for the various services provided by the Department of Administrative Services to other agencies. For example, fleet operations, printing, etc.

***Information Technology:***

to account for the various services provided by the Department of Information Technology to other agencies. For example, information systems support, telecommunications, etc.

# Combining Statement of Net Assets

## Internal Service Funds

June 30, 2012

(Expressed in Thousands)

	<u>Correction Industries</u>	<u>Information &amp; Technology</u>	<u>Administrative Services</u>	<u>Total</u>
<b>Assets</b>				
Current Assets:				
Cash and Cash Equivalents	\$ 4,222	\$ 5,005	\$ -	\$ 9,227
Receivables, Net of Allowances	-	2,565	170	2,735
Due From Other Funds	533	-	-	533
Inventories	3,572	-	95	3,667
Other Current Assets	67	-	419	486
Total Current Assets	<u>8,394</u>	<u>7,570</u>	<u>684</u>	<u>16,648</u>
Noncurrent Assets:				
Capital Assets, Net of Accumulated Depreciation	922	-	29,715	30,637
Total Noncurrent Assets	<u>922</u>	<u>-</u>	<u>29,715</u>	<u>30,637</u>
Total Assets	<u>9,316</u>	<u>7,570</u>	<u>30,399</u>	<u>47,285</u>
Current Liabilities:				
Accounts Payable and Accrued Liabilities	981	853	753	2,587
Deferred Revenue	-	-	430	430
Due To Other Funds	-	-	1,520	1,520
Compensated Absences-Current Portion	45	19	37	101
Total Current Liabilities	<u>1,026</u>	<u>872</u>	<u>2,740</u>	<u>4,638</u>
Noncurrent Liabilities:				
Noncurrent Portion of Long-Term Debt	-	705	-	705
Compensated Absences	690	535	707	1,932
Total Noncurrent Liabilities	<u>690</u>	<u>1,240</u>	<u>707</u>	<u>2,637</u>
Total Liabilities	<u>1,716</u>	<u>2,112</u>	<u>3,447</u>	<u>7,275</u>
<b>Net Assets</b>				
Invested in Capital Assets, Net of Related Debt	922	-	29,715	30,637
Unrestricted (Deficit)	6,678	5,458	(2,763)	9,373
Total Net Assets	<u>\$ 7,600</u>	<u>\$ 5,458</u>	<u>\$ 26,952</u>	<u>\$ 40,010</u>

# Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets

## Internal Service Funds

For The Fiscal Year Ended June 30, 2012  
(Expressed in Thousands)

	<u>Correction Industries</u>	<u>Information &amp; Technology</u>	<u>Administrative Services</u>	<u>Total</u>
<b>Operating Revenues</b>				
Charges for Sales and Services	\$ 22,457	\$ 6,317	\$ 25,729	\$ 54,503
Miscellaneous	92	-	-	92
Total Operating Revenues	<u>22,549</u>	<u>6,317</u>	<u>25,729</u>	<u>54,595</u>
<b>Operating Expenses</b>				
Salaries, Wages, and Administrative	21,017	4,681	11,180	36,878
Depreciation and Amortization	427	-	14,743	15,170
Total Operating Expenses	<u>21,444</u>	<u>4,681</u>	<u>25,923</u>	<u>52,048</u>
Operating Income (Loss)	<u>1,105</u>	<u>1,636</u>	<u>(194)</u>	<u>2,547</u>
<b>Nonoperating Revenue (Expenses)</b>				
Investment Income	2	-	-	2
Other Nonoperating Expense	26	-	-	26
Total Nonoperating Revenues (Expenses)	<u>28</u>	<u>-</u>	<u>-</u>	<u>28</u>
Income (Loss) before Capital Contributions	1,133	1,636	(194)	2,575
Capital Contributions	2	-	-	2
Change in Net Assets	1,135	1,636	(194)	2,577
Total Net Assets (Deficit) - Beginning (as restated)	<u>6,465</u>	<u>3,822</u>	<u>27,146</u>	<u>37,433</u>
Total Net Assets - Ending	<u>\$ 7,600</u>	<u>\$ 5,458</u>	<u>\$ 26,952</u>	<u>\$ 40,010</u>

# Combining Statement of Cash Flows

## Internal Service Funds

For the Fiscal Year Ended June 30, 2012  
(Expressed in Thousands)

	<u>Correction Industries</u>	<u>Information Technology</u>	<u>Administrative Services</u>	<u>Totals</u>
<b>Cash Flows from Operating Activities</b>				
Receipts from Customers	\$ 22,313	\$ 3,835	\$ 27,410	\$ 53,558
Payments to Suppliers	(18,105)	(1,319)	(92,875)	(112,299)
Payments to Employees	(2,850)	(2,817)	(7,087)	(12,754)
Other Receipts (Payments)	231	-	298	529
Net Cash Provided by (Used in) Operating Activities	<u>1,589</u>	<u>(301)</u>	<u>(72,254)</u>	<u>(70,966)</u>
<b>Cash Flows from Capital and Related Financing Activities</b>				
Additions to Property, Plant, and Equipment	(233)	-	(16,232)	(16,465)
Net Cash Flows from Capital and Related Financing Activities	<u>(233)</u>	<u>-</u>	<u>(16,232)</u>	<u>(16,465)</u>
<b>Cash Flows from Noncapital Financing Activities</b>				
Other Receipts (Payments)	28	-	88,486	88,514
Net Cash Flows from Noncapital Financing Activities	<u>28</u>	<u>-</u>	<u>88,486</u>	<u>88,514</u>
<b>Cash Flows from Investing Activities</b>				
Interest on Investments	2	-	-	2
Net Cash Flows from Investing Activities	<u>2</u>	<u>-</u>	<u>-</u>	<u>2</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,386	(301)	-	1,085
Cash and Cash Equivalents - Beginning of Year	2,836	5,306	-	8,142
Cash and Cash Equivalents - End of Year	<u>\$ 4,222</u>	<u>\$ 5,005</u>	<u>\$ -</u>	<u>\$ 9,227</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used In) Operating Activities</b>				
Operating Income (Loss)	\$ 1,105	\$ 1,636	\$ (194)	\$ 2,547
Adjustments Not Affecting Cash:				
Depreciation	427	-	14,743	15,170
Change in Assets and Liabilities:				
(Increase) Decrease in Receivables, Net	33	(2,483)	(135)	(2,585)
(Increase) Decrease in Due From Other Funds	(177)	-	1,816	1,639
(Increase) Decrease in Inventories and Other Assets	140	-	(132)	8
Increase (Decrease) in Accounts Payables & Accrued Liabilities	61	546	(88,352)	(87,745)
Total Adjustments	<u>484</u>	<u>(1,937)</u>	<u>(72,060)</u>	<u>(73,513)</u>
Net Cash Provided by (Used In) Operating Activities	<u>\$ 1,589</u>	<u>\$ (301)</u>	<u>\$ (72,254)</u>	<u>\$ (70,966)</u>

## ***Pension and (Other Employee Benefit) Trust Funds***

### ***Pension Trust Funds:***

See notes 11 and 12 for a description of the Pension Trust Funds.

### ***Retired Teachers' Health Benefits Plan:***

to account for resources used to provide health benefits to retired teachers and their beneficiaries. The plan is administered by the Teachers' Retirement Board.

### ***Policemen, Firemen Survivors' Benefits Plan:***

to account for resources used to provide benefits to the survivors of policemen and firemen. The plan is administered by the State Comptroller's Retirement Division.

### ***State Employees' Health Benefits Plan:***

to account for resources used to provide health benefits to retired State employees and their beneficiaries. The plan is administered by the State Comptroller's Retirement Division.

# Combining Statement of Fiduciary Net Assets Pension (and Other Employee Benefit) Trust Funds

June 30, 2012

(Expressed in Thousands)

	<b>Pension Trust</b>				
	<b>State</b>	<b>State</b>	<b>Judicial</b>	<b>Connecticut</b>	
	<b>Employees</b>	<b>Teachers</b>		<b>Municipal</b>	
<b>Assets</b>					
Cash and Cash Equivalents	\$ -	\$ 125,194	\$ -	\$ -	
Receivables:					
Accounts, Net of Allowances	6,636	11,768	7	12,831	
From Other Governments	-	693	-	-	
From Other Funds	4	7	-	-	
Interest	203	495	3	22	
Investments	8,468,271	13,473,162	156,910	1,675,299	
Securities Lending Collateral	950,394	1,476,215	20,141	205,745	
Total Assets	<u>9,425,508</u>	<u>15,087,534</u>	<u>177,061</u>	<u>1,893,897</u>	
<b>Liabilities</b>					
Accounts Payable and Accrued Liabilities	26	127,154	-	-	
Securities Lending Obligation	950,394	1,476,215	20,141	205,745	
Due to Other Funds	6,447	2,029	1	1,575	
Total Liabilities	<u>956,867</u>	<u>1,605,398</u>	<u>20,142</u>	<u>207,320</u>	
<b>Net Assets</b>					
Held in Trust For Employee					
Pension and Other Benefits	8,468,641	13,482,136	156,919	1,686,577	
Total Net Assets	<u>\$ 8,468,641</u>	<u>\$ 13,482,136</u>	<u>\$ 156,919</u>	<u>\$ 1,686,577</u>	

Pension Trust			Other Employee Benefits					
Probate Judges	Other	Retired Teacher Healthcare Plan	Policemen, Firemen, and Survivors' Benefits	Policemen, Firemen, and Survivors' Benefits	State Employee OPEB Plan	Total		
\$ 27	\$ 265	\$ 91,777	\$ -	\$ 83,298	\$ 300,561			
4	-	-	-	-	-		31,246	
-	-	-	-	-	-		693	
-	-	2,056	-	-	3		2,070	
4	-	-	1	-	-		728	
78,044	1,195	-	22,559	-	-		23,875,440	
9,360	161	-	3,456	-	-		2,665,472	
<u>87,439</u>	<u>1,621</u>	<u>93,833</u>	<u>26,016</u>	<u>83,301</u>	<u>26,876,210</u>			
-	-	5,507	-	23,584	-		156,271	
9,360	161	-	3,456	-	-		2,665,472	
-	-	-	7	-	-		10,059	
<u>9,360</u>	<u>161</u>	<u>5,507</u>	<u>3,463</u>	<u>23,584</u>	<u>2,831,802</u>			
78,079	1,460	88,326	22,553	59,717	24,044,408			
<u>\$ 78,079</u>	<u>\$ 1,460</u>	<u>\$ 88,326</u>	<u>\$ 22,553</u>	<u>\$ 59,717</u>	<u>\$ 24,044,408</u>			

# Combining Statement of Changes in Fiduciary Net Assets

## Pension (and Other Employee Benefit) Trust Funds

For The Fiscal Year Ended June 30, 2012

(Expressed in Thousands)

<b>Pension Trust</b>					
	<b>State</b>	<b>State</b>	<b>Connecticut</b>		
	<b>Employees</b>	<b>Teachers</b>	<b>Judicial</b>	<b>Municipal</b>	
<b>Additions</b>					
Contributions:					
Plan Members	\$ 68,776	\$ 266,559	\$ 1,565	\$ 18,452	
State	926,343	757,246	15,095		-
Municipalities	-	-	-		59,307
Total Contributions	<u>995,119</u>	<u>1,023,805</u>	<u>16,660</u>		<u>77,759</u>
Investment Income	(59,436)	(96,538)	2,267		13,534
Less: Investment Expenses	(30,981)	(48,932)	(593)		(6,297)
Net Investment Income	<u>(90,417)</u>	<u>(145,470)</u>	<u>1,674</u>		<u>7,237</u>
Transfers In	-	-	-		-
Other	<u>4,126</u>	<u>364</u>	-		<u>1,009</u>
Total Additions	<u>908,828</u>	<u>878,699</u>	<u>18,334</u>		<u>86,005</u>
<b>Deductions</b>					
Administrative Expense	543	-	-		-
Benefit Payments and Refunds	1,424,666	1,545,867	20,313		106,583
Other	-	2,933	-		2
Total Deductions	<u>1,425,209</u>	<u>1,548,800</u>	<u>20,313</u>		<u>106,585</u>
Changes in Net Assets	(516,381)	(670,101)	(1,979)		(20,580)
<b>Net Assets Held in Trust For</b>					
<b>Pension and Other Employee Benefits</b>					
Beginning of Year	<u>8,985,022</u>	<u>14,152,237</u>	<u>158,898</u>		<u>1,707,157</u>
End of Year	<u>\$ 8,468,641</u>	<u>\$ 13,482,136</u>	<u>\$ 156,919</u>		<u>\$ 1,686,577</u>

***Connecticut***

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<b>Pension Trust</b>			<b>Other Employee Benefits</b>					
<b>Probate Judges</b>	<b>Other</b>		<b>Retired</b>	<b>Policemen, Firemen, and</b>	<b>State</b>			
			<b>Teacher</b>	<b>Survivors' Benefits</b>	<b>Employee OPEB</b>	<b>Plan</b>	<b>Total</b>	
\$ 249	\$ 39	\$ 81,385	\$ 470	\$ -	\$ 437,495			
-	-	49,486	-	541,262	2,289,432			
-	-	-	41	-	-			59,348
<u>249</u>	<u>39</u>	<u>130,871</u>	<u>511</u>	<u>541,262</u>	<u>2,786,275</u>			
699	65	99	1,267	8	(138,035)			
(292)	(4)	-	(81)	-	(87,180)			
407	61	99	1,186	8	(225,215)			
200	-	-	-	14,500	14,700			
185	-	-	-	-	5,684			
<u>1,041</u>	<u>100</u>	<u>130,970</u>	<u>1,697</u>	<u>555,770</u>	<u>2,581,444</u>			
-	-	2,606	-	-	3,149			
4,384	1	93,326	1,005	545,700	3,741,845			
183	-	4	-	-	3,122			
<u>4,567</u>	<u>1</u>	<u>95,936</u>	<u>1,005</u>	<u>545,700</u>	<u>3,748,116</u>			
(3,526)	99	35,034	692	10,070	(1,166,672)			
<u>81,605</u>	<u>1,361</u>	<u>53,292</u>	<u>21,861</u>	<u>49,647</u>	<u>25,211,080</u>			
<u>\$ 78,079</u>	<u>\$ 1,460</u>	<u>\$ 88,326</u>	<u>\$ 22,553</u>	<u>\$ 59,717</u>	<u>\$ 24,044,408</u>			

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## ***Agency Funds***

### ***Insurance Companies' Securities:***

To account for securities that are deposited with the Treasurer to be held for policyholders of insurance companies as a prerequisite to such companies transacting business with the State.

**Combining Statement of Assets and Liabilities****Agency Funds**

June 30, 2012

(Expressed in Thousands)

	<b>Fringe Benefit Clearing</b>	<b>Receipts Pending Distribution</b>	<b>Insurance Companies' Securities</b>	<b>State Institution Activity</b>	<b>Other</b>	<b>Total</b>
<b>Assets</b>						
Cash and Cash Equivalents	\$ 1,552	\$ 28,407	\$ -	\$ 27,805	\$ 80,712	\$ 138,476
Receivables:						
Accounts, Net of Allowances	-	6,638	-	8,278	-	14,916
From Other Funds	4,515	-	-	-	-	4,515
Interest	-	-	-	1	5	6
Inventories	-	-	-	12	-	12
Other Assets	-	-	353,531	557	26,086	380,174
<b>Total Assets</b>	<b>\$ 6,067</b>	<b>\$ 35,045</b>	<b>\$ 353,531</b>	<b>\$ 36,653</b>	<b>\$ 106,803</b>	<b>\$ 538,099</b>
<b>Liabilities</b>						
Accounts Payable and Accrued Liabilities	\$ 1,573	\$ 46,032	\$ -	\$ -	\$ 577	\$ 48,182
Funds Held for Others	4,494	(10,987)	353,531	36,653	106,226	489,917
<b>Total Liabilities</b>	<b>\$ 6,067</b>	<b>\$ 35,045</b>	<b>\$ 353,531</b>	<b>\$ 36,653</b>	<b>\$ 106,803</b>	<b>\$ 538,099</b>

# Combining Statement of Changes in Assets and Liabilities

## Agency Funds

For The Fiscal Year Ended June 30, 2012

(Expressed in Thousands)

	<u>Balance</u>			<u>Balance</u>
	<u>July 1, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2012</u>
<b><u>Fringe Benefit Clearing</u></b>				
<b>Assets</b>				
Cash and Cash Equivalents	\$ 43	\$ 1,509	\$ -	\$ 1,552
From Other Funds	<u>6,042</u>	<u>4,515</u>	<u>6,042</u>	<u>4,515</u>
Total Assets	<u><u>6,085</u></u>	<u><u>6,024</u></u>	<u><u>6,042</u></u>	<u><u>6,067</u></u>
<b>Liabilities</b>				
Accounts Payable & Accrued Liabilities	\$ -	\$ 1,573	\$ -	\$ 1,573
Funds Held for Others	<u>6,085</u>	<u>4,494</u>	<u>6,085</u>	<u>4,494</u>
Total Liabilities	<u><u>6,085</u></u>	<u><u>6,067</u></u>	<u><u>6,085</u></u>	<u><u>6,067</u></u>
<b><u>Receipts Pending Distribution</u></b>				
<b>Assets</b>				
Cash and Cash Equivalents	\$ 34,819	\$ 50	\$ 6,462	\$ 28,407
Accounts, Net of Allowances	<u>1,067</u>	<u>6,638</u>	<u>1,067</u>	<u>6,638</u>
Total Assets	<u><u>35,886</u></u>	<u><u>6,688</u></u>	<u><u>7,529</u></u>	<u><u>35,045</u></u>
<b>Liabilities</b>				
Accounts Payable and Accrued Liabilities	\$ 21,535	\$ 46,032	\$ 21,535	\$ 46,032
Funds Held for Others	<u>14,351</u>	<u>5,415</u>	<u>30,753</u>	<u>(10,987)</u>
Total Liabilities	<u><u>35,886</u></u>	<u><u>51,447</u></u>	<u><u>52,288</u></u>	<u><u>35,045</u></u>
<b><u>Insurance Companies Securities</u></b>				
<b>Assets</b>				
Other Assets	\$ 343,533	\$ 353,531	\$ 343,533	\$ 353,531
Total Assets	<u><u>343,533</u></u>	<u><u>353,531</u></u>	<u><u>343,533</u></u>	<u><u>353,531</u></u>
<b>Liabilities</b>				
Funds Held for Others	\$ 343,533	\$ 353,531	\$ 343,533	\$ 353,531
Total Liabilities	<u><u>343,533</u></u>	<u><u>353,531</u></u>	<u><u>343,533</u></u>	<u><u>353,531</u></u>
<b><u>State Institution Activity</u></b>				
<b>Assets</b>				
Cash and Cash Equivalents	\$ 31,138	\$ 27,805	\$ 31,138	\$ 27,805
Accounts, Net of Allowances	<u>5,590</u>	<u>8,278</u>	<u>5,590</u>	<u>8,278</u>
Interest	<u>2</u>	<u>1</u>	<u>2</u>	<u>1</u>
Inventories	<u>13</u>	<u>12</u>	<u>13</u>	<u>12</u>
Other Assets	<u>504</u>	<u>557</u>	<u>504</u>	<u>557</u>
Total Assets	<u><u>37,247</u></u>	<u><u>36,653</u></u>	<u><u>37,247</u></u>	<u><u>36,653</u></u>
<b>Liabilities</b>				
Accounts Payable and Accrued Liabilities	\$ 625	\$ -	\$ 625	\$ -
Funds Held for Others	<u>36,622</u>	<u>36,653</u>	<u>36,622</u>	<u>36,653</u>
Total Liabilities	<u><u>37,247</u></u>	<u><u>36,653</u></u>	<u><u>37,247</u></u>	<u><u>36,653</u></u>

*continues*

# Combining Statement of Changes in Assets and Liabilities

## Agency Funds

*continued*

For The Fiscal Year Ended June 30, 2012  
(Expressed in Thousands)

	<u>Balance</u>		<u>Balance</u>	
	<u>July 1, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2012</u>
<b><u>Other</u></b>				
<b>Assets</b>				
Cash and Cash Equivalents	\$ 61,292	\$ 80,712	\$ 61,292	\$ 80,712
Interest	8	5	8	5
Other Assets	<u>20,361</u>	<u>26,086</u>	<u>20,361</u>	<u>26,086</u>
Total Assets	<u><u>\$ 81,661</u></u>	<u><u>\$ 106,803</u></u>	<u><u>\$ 81,661</u></u>	<u><u>\$ 106,803</u></u>
<b>Liabilities</b>				
Accounts Payable and Accrued Liabilities	\$ 542	\$ 577	\$ 542	\$ 577
Funds Held for Others	<u>81,119</u>	<u>106,226</u>	<u>81,119</u>	<u>106,226</u>
Total Liabilities	<u><u>\$ 81,661</u></u>	<u><u>\$ 106,803</u></u>	<u><u>\$ 81,661</u></u>	<u><u>\$ 106,803</u></u>
<b><u>Total - All Agency Funds</u></b>				
<b>Assets</b>				
Cash and Cash Equivalents	\$ 127,292	\$ 110,076	\$ 98,892	\$ 138,476
Accounts, Net of Allowances	<u>6,657</u>	<u>14,916</u>	<u>6,657</u>	<u>14,916</u>
From Other Funds	<u>6,042</u>	<u>4,515</u>	<u>6,042</u>	<u>4,515</u>
Interest	<u>10</u>	<u>6</u>	<u>10</u>	<u>6</u>
Inventories	<u>13</u>	<u>12</u>	<u>13</u>	<u>12</u>
Other Assets	<u><u>364,398</u></u>	<u><u>380,174</u></u>	<u><u>364,398</u></u>	<u><u>380,174</u></u>
Total Assets	<u><u>\$ 504,412</u></u>	<u><u>\$ 509,699</u></u>	<u><u>\$ 476,012</u></u>	<u><u>\$ 538,099</u></u>
<b>Liabilities</b>				
Accounts Payable and Accrued Liabilities	\$ 22,702	\$ 48,182	\$ 22,702	\$ 48,182
Funds Held for Others	<u>481,710</u>	<u>506,319</u>	<u>498,112</u>	<u>489,917</u>
Total Liabilities	<u><u>\$ 504,412</u></u>	<u><u>\$ 554,501</u></u>	<u><u>\$ 520,814</u></u>	<u><u>\$ 538,099</u></u>

## ***Component Units***

***Connecticut Development Authority:***

the Connecticut Development Authority is a public instrumentality and political subdivision of the State. The Authority was created to stimulate industrial and commercial development within the State through its Self-Sustaining Bond Program, its Umbrella Program, and its Insurance Program.

***Connecticut Resources Recovery Authority:***

the Connecticut Resources Recovery Authority is a public instrumentality and political subdivision of the State. The Authority is responsible for implementing the State's solid waste management plan, which includes design, construction, and operation of resources recovery facilities, and the marketing of recovered products.

***Connecticut Higher Education Supplemental Loan Authority:***

the Connecticut Higher Education Supplementary Loan Authority is a public instrumentality and political subdivision of the State. The Authority was created to assist students, their parents and institutions of higher education to finance the cost of higher education through its bond funds.

***Capital City Economic Development Authority:***

the Capital City Economic Development Authority is a public instrumentality of the state. The authority was created in 1998 to use municipal and state financial resources for the purpose of building a variety of Hartford based projects ranging from facilities to accommodate the exhibition, hospitality, and tourism industries to downtown residential housing.

***Connecticut Innovations, Incorporated:***

Connecticut Innovations is a public instrumentality and political subdivision of the State. It was established to stimulate and promote technological innovation and application of technology within Connecticut by providing financial technical assistance.

**Combining Statement of Net Assets**

**Nonmajor Component Units**

June 30, 2012

(Expressed in Thousands)

	<b>Connecticut</b>	<b>Higher</b>	<b>Connecticut</b>	<b>Connecticut</b>
	<b>Connecticut</b>	<b>Supplemental</b>	<b>Resources</b>	<b>Innovations,</b>
	<b>Development</b>	<b>Loan</b>	<b>Recovery</b>	<b>Incorporated</b>
	<b>Authority</b>	<b>Authority</b>	<b>Authority</b>	<b>Authority</b>
<b>Assets</b>				
Current Assets:				
Cash and Cash Equivalents	\$ 20,859	\$ 2,694	\$ 76,331	\$ 32,759
Investments	-	-	-	695
Receivables:				
Accounts, Net of Allowances	-	-	14,009	-
Loans, Net of Allowances	4,910	16,341	-	-
Interest Receivable	442	615	-	-
Due From Primary Government	7,259	-	-	-
Restricted Assets	-	39,134	22,875	-
Inventories	-	-	6,370	-
Other Current Assets	904	-	4,450	420
Total Current Assets	<u>34,374</u>	<u>58,784</u>	<u>124,035</u>	<u>33,874</u>
Noncurrent Assets:				
Investments	1,198	-	-	50,688
Accounts, Net of Allowances	-	-	-	-
Loans, Net of Allowances	51,760	103,824	-	2,589
Restricted Assets	22,103	19,540	8,177	-
Capital Assets, Net of Accumulated Depreciation	49	-	119,385	512
Other Noncurrent Assets	200	2,591	1,576	-
Total Noncurrent Assets	<u>75,310</u>	<u>125,955</u>	<u>129,138</u>	<u>53,789</u>
Total Assets	<u>109,684</u>	<u>184,739</u>	<u>253,173</u>	<u>87,663</u>
<b>Liabilities</b>				
Current Liabilities:				
Accounts Payable & Accrued Liabilities	1,275	968	19,014	795
Current Portion of Long-Term Obligations	4,024	11,664	6,762	-
Deferred Revenue	-	-	-	1,020
Other Liabilities	4,931	-	-	143
Total Current Liabilities	<u>10,230</u>	<u>12,632</u>	<u>25,776</u>	<u>1,958</u>
Noncurrent Liabilities:				
Noncurrent Portion of Long-Term Obligations	14,678	157,806	50,896	-
Total Noncurrent Liabilities	<u>14,678</u>	<u>157,806</u>	<u>50,896</u>	<u>-</u>
Total Liabilities	<u>24,908</u>	<u>170,438</u>	<u>76,672</u>	<u>1,958</u>
<b>Net Assets</b>				
Invested in Capital Assets, Net of Related Debt	48	-	116,348	512
Restricted:				
Debt Service	-	20,196	96	-
Expendable Endowments	-	-	-	-
Nonexpendable Endowments	-	-	-	-
Other Purposes	12,652	-	10,954	-
Unrestricted (Deficit)	72,076	(5,895)	49,103	85,193
Total Net Assets	<u>\$ 84,776</u>	<u>\$ 14,301</u>	<u>\$ 176,501</u>	<u>\$ 85,705</u>

<b>Capital City Economic Development <u>Authority</u></b>	<b>UCConn <u>Foundation</u></b>	<b>Clean Energy Finance and Investment <u>Authority</u></b>	<b>Total</b>
\$ 4,649	\$ 1,302	\$ 64,673	\$ 203,267
-	345,838	-	346,533
869	6,635	3,305	24,818
-	-	-	21,251
-	-	-	1,057
-	-	-	7,259
1,137	-	-	63,146
109	-	-	6,479
76	-	1,021	6,871
<u>6,840</u>	<u>353,775</u>	<u>68,999</u>	<u>680,681</u>
-	-	2,156	54,042
-	22,972	-	22,972
-	-	-	158,173
8,303	1,234	8,541	67,898
277,989	6,040	91	404,066
5,007	675	12,389	22,438
<u>291,299</u>	<u>30,921</u>	<u>23,177</u>	<u>729,589</u>
<u>298,139</u>	<u>384,696</u>	<u>92,176</u>	<u>1,410,270</u>
2,768	5,330	2,625	32,775
3,202	240	-	25,892
-	-	8,363	9,383
-	-	-	5,074
<u>5,970</u>	<u>5,570</u>	<u>10,988</u>	<u>73,124</u>
<u>131,526</u>	<u>9,145</u>	<u>-</u>	<u>364,051</u>
<u>131,526</u>	<u>9,145</u>	<u>-</u>	<u>364,051</u>
<u>137,496</u>	<u>14,715</u>	<u>10,988</u>	<u>437,175</u>
146,805	129	91	263,933
-	-	-	20,292
-	93,929	-	93,929
-	283,329	-	283,329
9,439	-	8,541	41,586
4,399	(7,406)	72,556	270,026
<u>\$ 160,643</u>	<u>\$ 369,981</u>	<u>\$ 81,188</u>	<u>\$ 973,095</u>

**Combining Statement of Activities****Nonmajor Component Units**

For The Fiscal Year Ended June 30, 2012

(Expressed in Thousands)

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenues</b>		
		<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>
Connecticut Development Authority	\$ 12,847	\$ 7,360	\$ -	\$ -
Connecticut Higher Education Supplemental Loan Authority	9,589	8,426	-	-
Connecticut Resources Recovery Authority	144,358	132,168	-	-
Connecticut Innovations, Incorporated	9,714	421	3,186	16,609
Capital City Economic Development Authority	35,878	21,101	6,267	-
UConn Foundation	44,656	9,362	-	-
Clean Energy Finance and Investment Authority	32,510	102,688	10,435	-
Total Nonmajor Component Units	<u>\$ 289,552</u>	<u>\$ 281,526</u>	<u>\$ 19,888</u>	<u>\$ 16,609</u>

General Revenues:

Investment Income  
Contributions to Endowments  
Total General Revenues and Contributions  
Change in Net Assets  
Total Net Assets - Beginning  
Total Net Assets - Ending

**Net (Expense) Revenue and  
Changes in Net Assets**

<b>Connecticut Development Authority</b>	<b>Connecticut Higher Education Supplemental Loan Authority</b>	<b>Connecticut Resources Recovery Authority</b>	<b>Connecticut Innovations, Incorporated</b>	<b>Capital City Economic Development Authority</b>	<b>UConn Foundation</b>	<b>Clean Energy Finance and Investment Authority</b>	<b>Totals</b>
\$ (5,487)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (5,487)
-	(1,163)	-	-	-	-	-	(1,163)
-	-	(12,190)	-	-	-	-	(12,190)
-	-	-	10,502	-	-	-	10,502
-	-	-	-	(8,510)	-	-	(8,510)
-	-	-	-	-	(35,294)	-	(35,294)
-	-	-	-	-	-	80,613	80,613
\$ (5,487)	\$ (1,163)	\$ (12,190)	\$ 10,502	\$ (8,510)	\$ (35,294)	\$ 80,613	\$ 28,471
 89	 2,622	 192	 (5,642)	 22	 2,109	 575	 (33)
-	-	-	-	-	37,937	-	37,937
 89	 2,622	 192	 (5,642)	 22	 40,046	 575	 37,904
 (5,398)	 1,459	 (11,998)	 4,860	 (8,488)	 4,752	 81,188	 66,375
 90,174	 12,842	 188,499	 80,845	 169,131	 365,229	 -	 906,720
 \$ 84,776	 \$ 14,301	 \$ 176,501	 \$ 85,705	 \$ 160,643	 \$ 369,981	 \$ 81,188	 \$ 973,095

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## *Statistical Section*

This part of the State of Connecticut's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

### **FINANCIAL TRENDS INFORMATION**

These schedules contain trend information to help the reader understand how the State's financial performance and well-being have changed over time.

Net Assets by Component	144
Changes in Net Assets	146
Fund Balances, Governmental Funds	148
Changes in Fund Balances, Governmental Funds	148

### **REVENUE CAPACITY INFORMATION**

These schedules present revenue capacity information for the State's most significant revenue source, the personal income tax.

Personal Income by Industry	149
Personal Income Tax Rates	150
Personal Income Tax Filers and Liability by Income Level	150

### **DEBT CAPACITY INFORMATION**

These schedules present information to assist the user in understanding and assessing a government's debt burden and its ability to issue additional debt.

Legal Debt Margin	151
Ratios of Outstanding Debt by Type	152
Ratios of Net General Bonded Debt	152
Pledged-Revenue Coverage	154

### **DEMOGRAPHIC AND ECONOMIC INFORMATION**

These schedules offer demographic and economic indicators to assist the reader in understanding the environment within which the State's financial activities take place and to help make comparisons over time and with other governments.

Population and Per Capita Personal Income	158
Employment Information	158
Top Ten Employers	160

### **OPERATING INFORMATION**

These schedules contain information about the State's operations and a resource to help the reader understand how the State's financial information relates to the activities it performs.

State Employees by Function	161
Operating Indicators by Function	162
Capital Asset Statistics by Function	164

**Sources:** Unless otherwise noted the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The State implemented GASB Statement 34 in 2002; schedules presenting government-wide information include information beginning that year.

## Net Assets by Component

Last Ten Fiscal Years  
(Expressed in Thousands)

	<b>2003</b>	<b>2004</b>	<b>2005</b>
<b>Governmental Activities:</b>			
Invested in Capital Assets, Net of Related Debt	\$ 2,622,372	\$ 3,264,134	\$ 3,294,888
Restricted	1,233,992	1,686,089	1,324,933
Unrestricted	<u>(9,203,348)</u>	<u>(10,390,481)</u>	<u>(10,010,444)</u>
Total Governmental Activities Net Assets	<u><u>\$ (5,346,984)</u></u>	<u><u>\$ (5,440,258)</u></u>	<u><u>\$ (5,390,623)</u></u>
<b>Business-Type Activities:</b>			
Invested in Capital Assets, Net of Related Debt	\$ 2,092,633	\$ 2,209,541	\$ 2,314,139
Restricted	1,650,045	1,409,915	1,568,559
Unrestricted	<u>132,394</u>	<u>40,461</u>	<u>115,901</u>
Total Business-Type Activities Net Assets	<u><u>\$ 3,875,072</u></u>	<u><u>\$ 3,659,917</u></u>	<u><u>\$ 3,998,599</u></u>
<b>Primary Government:</b>			
Invested in Capital Assets, Net of Related Debt	\$ 4,715,005	\$ 5,473,675	\$ 5,609,027
Restricted	2,884,037	3,096,004	2,893,492
Unrestricted	<u>(9,070,954)</u>	<u>(10,350,020)</u>	<u>(9,894,543)</u>
Total Primary Government Net Assets	<u><u>\$ (1,471,912)</u></u>	<u><u>\$ (1,780,341)</u></u>	<u><u>\$ (1,392,024)</u></u>
<b>Restatements of Net Assets</b>			
<b>Governmental Activities:</b>			
Prior-Year Adjustments	\$ 100,104	\$ 289,253	\$ 18,470
Fund Reclassification	<u>26,934</u>	<u>-</u>	<u>-</u>
Total Governmental Activities	<u><u>(5,219,946)</u></u>	<u><u>(5,151,005)</u></u>	<u><u>(5,372,153)</u></u>
<b>Business-Type Activities:</b>			
Prior-Year Adjustments	(9,750)	-	-
Fund Reclassification	(241,971)	-	-
Change in Reporting Period	<u>-</u>	<u>194,336</u>	<u>-</u>
Total Business-Type Activities	<u><u>3,623,351</u></u>	<u><u>3,854,253</u></u>	<u><u>3,998,599</u></u>
Total Primary Government (as restated)	<u><u>\$ (1,596,595)</u></u>	<u><u>\$ (1,296,752)</u></u>	<u><u>\$ (1,373,554)</u></u>

**Notes:** The governmental activities have a deficit in unrestricted net assets mainly because the State recognized in the Statement of Net Assets the following long-term obligations:

1. General obligation bonds which were issued to finance various grant programs of the State, such as school construction and municipal aid.
2. Other long-term obligations which the State has partially funded or not funded. For example, net pension obligation, compensated absences obligation, etc.

*Connecticut*

<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
\$ 3,469,145	\$ 4,269,038	\$ 4,930,749	\$ 5,499,602	\$ 4,910,178	\$ 4,905,025	\$ 5,305,440
1,496,693	1,384,938	1,641,377	1,617,726	1,777,780	1,809,873	1,647,790
(10,041,840)	(10,497,613)	(13,460,055)	(16,686,518)	(20,361,003)	(20,764,608)	(21,984,094)
<b>\$ (5,076,002)</b>	<b>\$ (4,843,637)</b>	<b>\$ (6,887,929)</b>	<b>\$ (9,569,190)</b>	<b>\$ (13,673,045)</b>	<b>\$ (14,049,710)</b>	<b>\$ (15,030,864)</b>
\$ 2,407,382	\$ 2,455,118	\$ 2,578,856	\$ 2,611,952	\$ 2,671,350	\$ 2,818,635	\$ 2,953,034
1,704,585	1,871,568	1,757,846	1,470,449	1,263,100	1,152,669	1,105,700
179,171	274,411	347,778	421,551	350,193	221,932	416,317
<b>\$ 4,291,138</b>	<b>\$ 4,601,097</b>	<b>\$ 4,684,480</b>	<b>\$ 4,503,952</b>	<b>\$ 4,284,643</b>	<b>\$ 4,193,236</b>	<b>\$ 4,475,051</b>
\$ 5,876,527	\$ 6,724,156	\$ 7,509,605	\$ 8,111,554	\$ 7,581,528	\$ 7,723,660	\$ 8,258,474
3,201,278	3,256,506	3,399,223	3,088,175	3,040,880	2,962,542	2,753,490
(9,862,669)	(10,223,202)	(13,112,277)	(16,264,967)	(20,010,810)	(20,542,676)	(21,567,777)
<b>\$ (784,864)</b>	<b>\$ (242,540)</b>	<b>\$ (2,203,449)</b>	<b>\$ (5,065,238)</b>	<b>\$ (9,388,402)</b>	<b>\$ (9,856,474)</b>	<b>\$ (10,555,813)</b>
\$ -	\$ -	\$ (66,976)	\$ (881,193)	\$ 33,217	\$ (184,484)	\$ -
-	-	-	-	-	-	-
<b>\$ (5,076,002)</b>	<b>\$ (4,843,637)</b>	<b>\$ (6,954,905)</b>	<b>\$ (10,450,383)</b>	<b>\$ (13,639,828)</b>	<b>\$ (14,234,194)</b>	<b>\$ (15,030,864)</b>
(11,195)	-	(21,652)	-	-	88,485	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<b>4,279,943</b>	<b>4,601,097</b>	<b>4,662,828</b>	<b>4,503,952</b>	<b>4,284,643</b>	<b>4,281,721</b>	<b>4,475,051</b>
<b>\$ (796,059)</b>	<b>\$ (242,540)</b>	<b>\$ (2,292,077)</b>	<b>\$ (5,946,431)</b>	<b>\$ (9,355,185)</b>	<b>\$ (9,952,473)</b>	<b>\$ (10,555,813)</b>

**Changes in Net Assets**  
 Last Ten Fiscal Years  
 (Expressed in Thousands)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Expenses</b>										
Governmental Activities:										
Legislative	\$ 80,176	\$ 89,532	\$ 91,037	\$ 96,622	\$ 97,492	\$ 111,910	\$ 101,695	\$ 105,870	\$ 99,542	\$ 113,982
General Government	1,145,613	1,100,700	1,288,231	1,352,908	1,731,215	1,737,917	1,752,751	1,565,653	1,508,994	1,987,920
Regulation and Protection	574,674	590,377	633,466	712,061	702,467	788,419	768,272	796,124	780,363	853,458
Conservation and Development	410,167	448,077	424,125	396,296	429,057	473,797	562,507	565,836	529,292	692,719
Health and Hospital	1,711,076	1,683,465	1,801,346	1,922,583	2,003,994	2,298,272	2,278,059	2,443,119	2,300,369	2,475,759
Transportation	941,257	1,153,888	1,183,961	1,090,504	1,150,770	1,482,250	1,570,324	1,742,009	1,637,847	1,845,656
Human Services	4,138,932	4,630,154	4,535,915	4,941,454	4,828,418	5,743,810	6,208,275	6,829,916	6,675,895	7,223,118
Education, Libraries, and Museums	3,090,630	3,174,305	3,408,288	3,888,711	4,008,903	4,749,284	4,591,672	4,920,983	4,463,129	4,495,905
Corrections	1,450,392	1,579,043	1,675,965	1,768,368	1,836,147	2,085,053	2,071,331	2,082,743	1,932,375	2,061,176
Judicial	555,791	546,163	649,666	654,894	694,442	806,309	793,580	828,128	828,124	910,362
Interest and Fiscal Charges	595,949	577,448	612,115	619,730	635,113	733,791	810,403	792,950	873,847	816,508
Total Governmental Activities Expenses	14,694,657	15,573,152	16,304,115	17,444,131	18,118,018	21,010,812	21,508,869	22,673,331	21,629,777	23,476,563
Business-Type Activities:										
Higher Education	1,977,886	-	-	-	-	-	-	-	-	-
University of Connecticut and Health Center	-	1,254,402	1,386,327	1,464,055	1,519,026	1,626,532	1,725,343	1,703,104	1,806,815	1,801,687
State Universities	-	469,712	506,993	536,026	571,006	610,851	639,397	649,630	651,513	652,092
Bradley International Airport	54,323	59,338	61,559	62,625	67,244	67,635	67,995	69,471	68,415	64,170
CT Lottery Corporation	643,214	656,716	691,163	709,591	698,628	731,851	723,249	723,572	738,397	781,303
Employment Security	963,201	811,483	580,549	572,602	585,803	631,935	1,573,806	2,700,797	2,306,715	1,823,464
Second Injury and Compensation Assurance	-	-	-	-	-	-	-	-	-	-
Clean Water	29,435	24,759	27,740	26,076	30,183	27,181	30,723	52,761	45,473	53,330
Other	72,633	361,367	405,423	419,074	432,129	476,040	511,542	526,974	542,184	535,646
Total Business-Type Activities Expenses	3,740,692	3,637,777	3,659,754	3,790,049	3,904,019	4,172,025	5,272,055	6,426,309	6,159,512	5,711,692
Total Primary Government Expenses	\$ 18,435,349	\$ 19,210,929	\$ 19,963,869	\$ 21,234,180	\$ 22,022,037	\$ 25,182,837	\$ 26,780,924	\$ 29,099,640	\$ 27,789,289	\$ 29,188,255
<b>Program Revenues</b>										
Governmental Activities:										
Charges for Services, Fees, Fines, and Forfeitures	\$ 1,072,932	\$ 1,253,672	\$ 1,316,668	\$ 1,379,061	\$ 1,317,480	\$ 1,447,573	\$ 1,490,271	\$ 1,522,375	\$ 1,647,311	\$ 1,952,042
Operating Grants and Contributions	3,489,213	3,850,132	3,809,577	4,034,673	3,974,468	4,271,504	5,552,688	6,113,086	6,350,067	5,770,935
Capital Grants and Contributions	562,613	543,805	335,256	541,875	411,516	442,310	646,416	765,837	725,080	716,056
Total Governmental Activities Program Revenues	5,124,758	5,647,609	5,461,501	5,955,609	5,703,464	6,161,387	7,689,375	8,401,298	8,722,458	8,439,033
Business-Type Activities:										
Charges for Services, Fees, Fines, and Forfeitures	2,594,766	2,935,955	2,863,023	2,900,105	2,919,722	2,999,934	3,107,849	3,223,148	3,415,878	3,617,814
Operating Grants and Contributions	456,239	227,674	262,015	277,357	296,851	322,936	907,050	1,885,115	1,789,697	1,412,355
Capital Grants and Contributions	10,195	9,339	86,684	80,082	13,735	35,922	63,757	17,536	40,099	18,089
Total Business-Type Activities Program Revenues	3,061,200	3,172,968	3,211,722	3,257,544	3,320,308	3,358,792	4,078,656	5,125,799	5,245,674	5,048,258
Total Primary Government Program Revenues	\$ 8,185,958	\$ 8,820,577	\$ 8,673,223	\$ 9,213,153	\$ 8,933,772	\$ 9,520,179	\$ 11,768,031	\$ 13,527,097	\$ 13,968,132	\$ 13,487,291
<b>Net (Expense)/Revenue</b>										
Governmental Activities										
Business-Type Activities	\$ (9,569,899)	\$ (9,925,543)	\$ (10,842,614)	\$ (11,488,522)	\$ (12,414,554)	\$ (14,849,425)	\$ (13,819,494)	\$ (14,272,033)	\$ (12,907,319)	\$ (15,037,530)
Total Primary Government Net Expense	\$ (679,492)	\$ (464,809)	\$ (448,032)	\$ (532,505)	\$ (673,711)	\$ (813,233)	\$ (1,193,399)	\$ (1,300,510)	\$ (913,838)	\$ (663,434)
	\$ (10,249,391)	\$ (10,390,352)	\$ (11,290,646)	\$ (12,021,027)	\$ (13,088,265)	\$ (15,662,658)	\$ (15,012,893)	\$ (15,572,543)	\$ (13,821,157)	\$ (15,700,964)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>General Revenues and Other Changes in Net Assets</b>										
Governmental Activities:										
Taxes:										
Personal Income	\$ 3,593,080	\$ 4,392,403	\$ 4,983,163	\$ 5,625,882	\$ 6,270,806	\$ 6,588,233	\$ 5,657,309	\$ 5,773,609	\$ 6,327,263	\$ 7,360,165
Corporate Income	390,012	473,505	538,834	655,607	831,688	548,539	437,444	465,980	726,090	601,509
Sales and Use	2,938,341	3,061,423	3,278,902	3,382,118	3,509,164	3,537,911	3,301,096	3,150,203	3,365,250	3,880,607
Other	1,208,083	1,274,149	1,487,321	1,608,235	1,513,855	1,544,801	1,407,084	1,455,628	1,655,594	1,953,170
Restricted for Transportation Purposes:										
Motor Fuel	450,696	470,001	482,476	515,013	609,427	487,568	492,566	494,222	477,411	713,477
Other	64,524	70,411	69,720	68,418	67,888	192,663	196,034	209,684	237,242	76,618
Casino Gaming Payments	387,255	402,733	417,838	427,527	430,476	411,411	377,805	384,248	359,582	344,645
Tobacco Settlement	137,915	116,578	118,321	108,619	113,691	141,348	153,819	128,977	121,422	123,799
Unrestricted Investment Earnings	54,741	18,350	69,332	104,911	165,472	131,915	42,493	27,681	18,434	15,955
Other	15,855	-	-	-	-	-	-	-	-	-
Special Items:										
Statutory Payment from Component Units	100,000	17,500	15,000	-	-	-	13,150	-	-	-
Other	127,256	(174,760)	(165,412)	-	-	-	-	21,000	-	-
Transfers-Internal Activities	(640,268)	(417,062)	(692,499)	(711,657)	(865,548)	(779,256)	(873,590)	(1,061,862)	(790,851)	(917,570)
Total Governmental Activities	<u>8,827,490</u>	<u>9,705,231</u>	<u>10,602,996</u>	<u>11,784,673</u>	<u>12,646,919</u>	<u>12,805,133</u>	<u>11,205,210</u>	<u>11,049,370</u>	<u>12,497,437</u>	<u>14,152,375</u>
Business-Type Activities										
Unrestricted Investment Earnings	111,336	90,486	93,879	113,387	129,317	117,360	75,933	40,339	31,580	27,679
Special Items:										
Loss on Disposal of Capital Assets	-	(4,190)	-	-	-	-	-	-	-	-
Other	(2,455)	-	-	-	-	-	-	(21,000)	-	-
Extraordinary Item-Loss on Early Retirement of Debt	(4,010)	(1,983)	-	-	-	-	-	-	-	-
Debt Reduction Transfer	-	-	-	-	-	-	85,000	-	-	-
Transfers-Internal Activities	640,268	417,062	498,499	711,657	865,548	779,256	873,590	1,061,862	790,851	917,570
Total Business-Type Activities	<u>745,139</u>	<u>501,375</u>	<u>592,378</u>	<u>825,044</u>	<u>994,865</u>	<u>896,616</u>	<u>1,034,523</u>	<u>1,081,201</u>	<u>822,431</u>	<u>945,249</u>
Total Primary Government	<u>\$ 9,572,629</u>	<u>\$ 10,206,606</u>	<u>\$ 11,195,374</u>	<u>\$ 12,609,717</u>	<u>\$ 13,641,784</u>	<u>\$ 13,701,749</u>	<u>\$ 12,239,733</u>	<u>\$ 12,130,571</u>	<u>\$ 13,319,868</u>	<u>\$ 15,097,624</u>
<b>Changes in Net Assets</b>										
Governmental Activities:										
Governmental Activities	\$ (742,409)	\$ (220,312)	\$ (239,618)	\$ 296,151	\$ 232,365	\$ (2,044,292)	\$ (2,614,284)	\$ (3,222,663)	\$ (409,882)	\$ (885,155)
Business-Type Activities	65,647	36,566	144,346	292,539	321,154	83,383	(158,876)	(219,309)	(91,407)	281,815
Total Primary Government	<u>\$ (676,762)</u>	<u>\$ (183,746)</u>	<u>\$ (95,272)</u>	<u>\$ 588,690</u>	<u>\$ 553,519</u>	<u>\$ (1,960,909)</u>	<u>\$ (2,773,160)</u>	<u>\$ (3,441,972)</u>	<u>\$ (501,289)</u>	<u>\$ (603,340)</u>
<b>Other Changes in Net Assets</b>										
Governmental Activities:										
Prior-Year Adjustments	\$ 12,384	\$ 100,104	\$ 289,253	\$ 18,470	\$ -	\$ -	\$ (66,976)	\$ (881,193)	\$ 33,217	\$ (95,999)
Fund Reclassification	-	26,934	-	-	-	-	-	-	-	-
Total Governmental Activities	<u>12,384</u>	<u>127,038</u>	<u>289,253</u>	<u>18,470</u>	<u>-</u>	<u>-</u>	<u>(66,976)</u>	<u>(881,193)</u>	<u>33,217</u>	<u>(95,999)</u>
Business-Type Activities:										
Prior-Year Adjustments	9,392	(9,750)	-	-	(11,195)	-	(21,652)	-	-	-
Fund Reclassification	-	(241,971)	-	-	-	-	-	-	-	-
Change in Reporting Period	-	-	194,336	-	-	-	-	-	-	-
Total Business-Type Activities	<u>9,392</u>	<u>(251,721)</u>	<u>194,336</u>	<u>-</u>	<u>(11,195)</u>	<u>-</u>	<u>(21,652)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Primary Government	<u>\$ 21,776</u>	<u>\$ (124,683)</u>	<u>\$ 483,589</u>	<u>\$ 18,470</u>	<u>\$ (11,195)</u>	<u>\$ -</u>	<u>\$ (88,628)</u>	<u>\$ (881,193)</u>	<u>\$ 33,217</u>	<u>\$ (95,999)</u>

**Notes:** In January 2003 there was an increase in the personal income tax rate of one half percent

In fiscal year 2004 the Higher Education line was reclassified to display more details about these activities.

In fiscal year 2012 the sales tax increased from 6.00% to 6.35%

Other changes in net assets are direct adjustments to the beginning balance of net assets (See Note 21).

**Fund Balances, Governmental Funds**

Last Ten Fiscal Years

(Expressed in Thousands)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Fund										
Reserved/Nonspendable, Restricted, Committed or Assigned	\$ 440,819	\$ 720,581	\$ 1,434,544	\$ 1,917,260	\$ 2,326,082	\$ 2,052,521	\$ 1,503,851	\$ 696,149	\$ 451,637	\$ 233,632
Unreserved/Unassigned	(842,318)	(900,171)	(1,037,651)	(1,058,714)	(994,314)	(1,149,231)	(2,303,429)	(1,678,971)	(1,748,946)	(1,146,053)
Total General Fund	\$ (401,499)	\$ (179,590)	\$ 396,893	\$ 858,546	\$ 1,331,768	\$ 903,290	\$ (799,578)	\$ (982,822)	\$ (1,297,309)	\$ (912,421)
All Other Governmental Funds										
Reserved/Nonspendable, Restricted, Committed or Assigned	\$ 1,177,121	\$ 1,296,214	\$ 1,250,708	\$ 1,323,595	\$ 1,374,180	\$ 1,711,007	\$ 1,647,404	\$ 1,728,125	\$ 2,691,530	\$ 2,608,751
Unreserved/Unassigned										
Transportation Fund	125,330	119,203	123,209	128,762	189,630	160,745	89,998	94,074	-	-
Special Revenue Funds	443,507	512,106	535,689	533,857	539,357	502,679	247,763	352,525	(1,823)	(9)
Capital Projects Funds	146,984	221,849	168,105	264,513	(171,645)	(156,937)	181,139	229,037	(718)	(718)
Permanent Funds	-	-	-	-	-	-	-	-	(3,991)	(4,714)
Total All Other Governmental Funds	\$ 1,892,942	\$ 2,149,372	\$ 2,077,711	\$ 2,250,727	\$ 1,931,522	\$ 2,217,494	\$ 2,166,304	\$ 2,403,761	\$ 2,684,998	\$ 2,603,310

**Changes in Fund Balances, Governmental Funds**

Last Ten Fiscal Years

(Expressed in Thousands)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Revenues</b>										
Taxes	\$ 8,727,502	\$ 9,742,801	\$ 10,830,226	\$ 11,836,809	\$ 12,742,807	\$ 13,014,886	\$ 11,416,766	\$ 11,594,568	\$ 12,602,015	\$ 14,712,566
Assessments	-	25,827	17,968	21,555	22,841	21,457	28,129	27,268	28,444	-
Licenses, Permits and Fees	524,998	515,049	530,148	536,468	531,636	550,025	546,871	611,535	601,767	657,446
Tobacco Settlement	137,915	116,578	118,321	108,619	113,691	141,347	153,819	128,977	121,422	123,799
Federal Grants and Aid	4,028,640	4,383,498	4,117,007	4,578,381	4,405,160	4,717,846	6,017,660	6,926,397	7,241,824	6,490,516
Charges for Services	92,922	98,225	95,683	108,797	101,270	100,143	101,500	98,617	98,843	107,327
Fines, Forfeits and Rents	99,909	138,619	189,525	107,115	37,183	73,444	32,841	86,520	142,355	452,358
Casino Gaming Payments	387,255	402,733	417,838	427,527	430,476	411,410	377,805	384,248	359,582	344,645
Investment Earnings	50,959	27,531	69,342	102,694	165,902	132,490	43,287	27,841	18,626	14,386
Miscellaneous	363,471	456,841	470,567	593,629	658,074	693,292	790,010	704,145	712,466	704,405
Total Revenues	<u>14,413,571</u>	<u>15,907,702</u>	<u>16,856,625</u>	<u>18,421,594</u>	<u>19,209,040</u>	<u>19,856,340</u>	<u>19,508,688</u>	<u>20,590,116</u>	<u>21,927,344</u>	<u>23,607,448</u>
<b>Expenditures</b>										
Legislative	77,307	84,272	86,006	91,733	97,383	104,160	102,088	98,336	99,989	103,512
General Government	1,115,263	1,056,469	1,167,476	1,305,571	1,722,376	1,626,024	1,707,309	1,437,645	1,502,016	1,876,249
Regulation and Protection	558,710	559,219	602,472	686,747	699,927	735,875	750,473	734,718	778,567	784,002
Conservation and Development	402,655	432,590	407,547	384,063	428,251	442,519	510,887	504,250	527,165	662,823
Health and Hospital	1,686,699	1,642,797	1,761,561	1,889,242	1,990,506	2,154,248	2,222,497	2,215,141	2,271,075	2,374,693
Transportation	537,797	527,326	537,035	648,628	1,010,056	1,190,650	1,268,269	1,440,072	1,441,006	1,534,797
Human Services	4,089,089	4,538,769	4,454,092	4,877,611	4,791,635	5,390,379	6,059,858	6,175,132	6,578,719	6,967,044
Education, Libraries, and Museums	3,042,345	3,091,136	3,524,865	3,813,549	3,982,868	6,307,070	4,401,423	4,379,875	4,255,644	4,185,168
Corrections	1,422,713	1,525,804	1,621,273	1,723,591	1,829,048	1,949,342	2,010,977	1,903,466	1,920,179	1,939,091
Judicial	546,154	532,784	627,602	648,274	692,392	754,223	775,711	762,290	824,089	858,339
Capital Projects	871,029	780,194	707,023	671,124	304,964	341,148	438,724	435,288	464,023	547,212
Debt Service:										
Principal	904,658	965,313	1,051,308	1,102,770	1,231,376	1,153,553	1,166,282	1,238,055	1,273,278	1,473,894
Interest	<u>613,181</u>	<u>647,797</u>	<u>644,563</u>	<u>670,385</u>	<u>709,740</u>	<u>810,297</u>	<u>918,633</u>	<u>935,878</u>	<u>945,781</u>	<u>947,102</u>
Total Expenditures	<u>15,867,600</u>	<u>16,384,470</u>	<u>17,028,823</u>	<u>18,513,288</u>	<u>19,490,522</u>	<u>22,959,488</u>	<u>22,333,131</u>	<u>22,260,146</u>	<u>22,881,531</u>	<u>24,253,926</u>
Revenues Over (Under) Expenditures	(1,454,029)	(476,768)	(172,198)	(91,694)	(281,482)	(3,103,148)	(2,824,443)	(1,670,030)	(954,187)	(646,478)
<b>Other Financing Sources (Uses) and Special Items</b>										
Bonds Issued	1,804,145	1,395,545	1,278,110	1,362,145	1,253,345	3,688,623	1,863,600	2,617,910	1,619,625	1,554,801
Premiums on Bonds Issued	124,606	269,058	93,014	55,244	86,759	69,779	110,560	189,469	74,583	313,715
Transfers In	1,282,163	1,679,858	1,034,799	1,036,654	1,097,874	1,211,444	1,323,765	1,057,674	1,211,418	1,243,231
Transfers Out	(1,796,544)	(2,098,625)	(1,729,854)	(1,750,539)	(1,965,914)	(1,993,489)	(2,192,545)	(2,122,891)	(2,005,934)	(2,175,501)
Refunding Bonds Issued	745,669	1,961,040	447,013	61,020	527,730	231,085	586,940	344,105	412,870	1,219,815
Payment to Refunded Bond Escrow Agent	(776,597)	(2,146,469)	(484,379)	(65,473)	(561,269)	(241,560)	(590,397)	(379,015)	(431,550)	(1,388,158)
Capital Lease Obligations	1,077	-	27,628	-	117	437	-	-	4,089	6,084
Special Items:										
Transfer of Loans to Component Unit	-	(204,117)	-	-	-	-	-	-	-	-
Statutory Payment from Component Units	100,000	17,500	15,000	-	-	-	13,150	-	-	-
Other	-	29,357	-	-	-	-	-	26,099	-	-
Total Other Financing Sources (Uses) and Special Items	<u>1,484,519</u>	<u>903,147</u>	<u>681,331</u>	<u>699,051</u>	<u>438,642</u>	<u>2,966,319</u>	<u>1,115,073</u>	<u>1,733,351</u>	<u>885,101</u>	<u>773,987</u>
<b>Net Change in Fund Balance</b>	<u>\$ 30,490</u>	<u>\$ 426,379</u>	<u>\$ 509,133</u>	<u>\$ 607,357</u>	<u>\$ 157,160</u>	<u>\$ (136,829)</u>	<u>\$ (1,709,370)</u>	<u>\$ 63,321</u>	<u>\$ (69,086)</u>	<u>\$ 127,509</u>
<b>Debt Service as a Percentage of Noncapital Expenditures</b>	10.24%	10.28%	10.34%	10.01%	10.48%	8.90%	10.23%	10.36%	10.19%	10.39%

**Personal Income by Industry**

Last Ten Calendar Years

(Expressed in Thousands)

	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
Farm Earnings	\$ 163,186	\$ 181,512	\$ 179,546	\$ 132,701	\$ 135,635	\$ 188,000	\$ 180,000	\$ 177,760	\$ 166,000	\$ 204,000
Agricultural Services, Forestry, Fishing	47,990	45,653	43,390	48,463	47,947	51,000	50,000	42,963	66,000	76,000
Mining	142,415	183,161	210,433	239,725	241,968	177,000	213,000	85,965	128,000	130,000
Construction	5,883,794	6,702,149	7,221,766	8,279,075	8,318,690	8,264,000	7,716,000	7,510,494	7,025,000	7,020,000
Durable Goods	11,794,810	12,388,008	12,909,198	13,269,852	13,710,583	13,179,000	12,039,000	11,916,231	12,735,000	12,801,000
Non-durable Goods	5,093,473	5,360,660	5,495,647	5,718,664	5,626,388	4,445,000	4,144,000	3,984,769	4,631,000	4,655,000
Wholesale Trade	5,515,096	5,819,416	6,199,684	6,637,800	6,869,412	7,016,000	6,464,000	6,647,314	6,913,000	6,891,000
Retail Trade	7,349,016	7,533,969	7,696,592	7,938,639	8,061,698	8,149,000	7,877,000	7,737,041	8,062,000	8,423,000
Transportation and Public Utilities	3,323,358	3,639,012	3,664,577	2,631,548	2,837,925	2,996,000	2,587,000	2,630,945	4,006,000	4,021,000
Services	59,358,363	65,546,050	69,407,977	72,920,312	77,525,040	79,229,000	75,901,000	79,284,484	83,227,000	86,725,000
Federal, Civilian	1,556,662	1,685,192	1,651,650	1,731,848	1,760,774	1,762,000	1,904,000	1,968,189	1,943,000	1,931,000
Military	785,349	842,406	882,223	932,364	921,195	978,000	1,076,000	1,128,829	1,084,000	1,094,000
State and Local	11,852,667	12,467,586	13,126,266	13,846,143	15,044,395	15,815,000	18,150,000	15,849,480	16,579,000	15,796,000
Other <sup>1</sup>	<u>36,109,211</u>	<u>36,501,189</u>	<u>38,118,358</u>	<u>43,670,025</u>	<u>51,468,018</u>	<u>54,757,000</u>	<u>56,466,000</u>	<u>57,335,325</u>	<u>60,683,000</u>	<u>62,199,000</u>
Total Personal Income	<u>\$ 148,975,390</u>	<u>\$ 158,895,963</u>	<u>\$ 166,807,307</u>	<u>\$ 177,997,159</u>	<u>\$ 192,569,668</u>	<u>\$ 197,006,000</u>	<u>\$ 194,767,000</u>	<u>\$ 196,299,789</u>	<u>\$ 207,248,000</u>	<u>\$ 211,966,000</u>
Average Effective Rate <sup>2</sup>	2.48%	2.97%	3.17%	3.34%	3.46%	3.45%	2.70%	2.83%	3.20%	3.48%

**Notes:** Fiscal year 2010 amounts are based on third quarter estimates.

<sup>1</sup>Includes dividends, interest, rental income, residence adjustments, government transfers to individuals, and deductions for insurance.

<sup>2</sup>Total direct rate for personal income is not available. Average effective rate equals fiscal year net tax collections divided by prior-year total personal income.

**Sources:** U. S. Bureau of Economic Analysis and Department of Revenue Services

## **Personal Income Tax Rates**

Last Nine Calendar Years

(Expressed in Thousands)

<b>Year</b>	<b>Annual Income Tax Rates are applied to Taxable Income in excess of the following brackets</b>				
	<b>Median</b>	<b>Single/ Married Filing Separate</b>	<b>Married Filing Jointly</b>	<b>Head of Household</b>	<b>Average Effective Rate</b>
	<b>Rate</b>				
2002 <sup>[1]</sup>	4.50%	\$10,000	\$20,000	\$16,000	2.50%
2003 <sup>[1]</sup>	5.00%	\$10,000	\$20,000	\$16,000	2.48%
2004 <sup>[1]</sup>	5.00%	\$10,000	\$20,000	\$16,000	2.97%
2005 <sup>[1]</sup>	5.00%	\$10,000	\$20,000	\$16,000	3.17%
2006 <sup>[1]</sup>	5.00%	\$10,000	\$20,000	\$16,000	3.34%
2007 <sup>[1]</sup>	5.00%	\$10,000	\$20,000	\$16,000	3.46%
2008 <sup>[1]</sup>	5.00%	\$10,000	\$20,000	\$16,000	3.45%
2009 <sup>[1]</sup>	5.00%	\$10,000	\$20,000	\$16,000	2.70%
2010 <sup>[1]</sup>	5.00%	\$10,000	\$20,000	\$16,000	2.83%

<b>Income Tax Rates are applied to Taxable Income by income range for the same brackets</b>					
For taxable years commencing on or after January 1, 2011: <sup>[2]</sup>					
5.00%	\$10,000 - \$50,000	\$20,000 - \$100,000	\$16,000 - \$80,000	3.20%	
5.50%	\$50,000 - \$100,000	\$100,000 - \$200,000	\$80,000 - \$160,000	3.20%	
6.00%	\$100,000 - \$200,000	\$200,000 - \$400,000	\$160,000 - \$320,000	3.20%	
6.50%	\$200,000 - \$250,000	\$400,000 - \$500,000	\$320,000 - \$400,000	3.20%	
6.70%	greater than \$250,000	greater than \$500,000	greater than \$400,000	3.20%	

**Notes:**

[1] Taxable income equal to or less than amounts listed this year is taxed at a rate of 3%.

In addition there is a tax on millionaires of 6.5%. The average effective rate equals fiscal year net tax collections divided by prior-year total personal income based on statistics provided by the U. S. Bureau of Economic Analysis.

[2] Taxable income equal to or less than amounts listed this year is taxed at a rate of 3% except as follows.

The amount to which the 3% rate applies is reduced by \$1,000 for each \$5,000, or fraction thereof, by which AGI exceeds \$56,500 for singles and by \$1,000 for each \$2,500 for filing separately, by \$1,600 for each \$4,000 for head of household and by \$2,000 for each \$5,000 or fraction thereof, by which AGI exceeds \$56,500, \$50,250 \$78,500 and \$100,500 for single, filing separately, head of household and filing jointly

**Source:** Department of Revenue Services -Annual Report.

## **Personal Income Tax Filers and Liability by Income Level,**

**Calendar Years 2002 and 2010**

(Expressed in Thousands)

<b>Income Level</b>	<b>Calendar Year 2002</b>				<b>Calendar Year 2010</b>			
	<b>Number of Filers</b>	<b>Percentage of Total</b>	<b>Personal Income Tax Liability</b>	<b>Percentage of Total</b>	<b>Number of Filers</b>	<b>Percentage of Total</b>	<b>Personal Income Tax Liability</b>	<b>Percentage of Total</b>
			\$				\$	
\$50,000 and under	810,902	58.1%	\$ 216,127,745	7.6%	812,711	54.0%	\$ 333,443,502	5.2%
\$50,001 - \$100,000	373,002	26.7%	765,850,088	26.8%	381,990	25.4%	1,120,965,125	17.6%
\$100,001-\$200,000	152,952	11.0%	746,506,146	26.1%	222,214	14.8%	1,421,442,889	22.3%
\$200,001-\$500,000	43,707	3.1%	452,609,898	15.8%	66,636	4.4%	941,245,687	14.7%
\$500,001-\$2,000,000	12,202	0.9%	330,851,853	11.6%	18,659	1.2%	843,836,931	13.2%
\$2,000,000 and up	1,971	0.2%	347,553,185	12.2%	3,545	0.2%	1,720,504,342	27.0%
Total	1,394,736	100.0%	\$ 2,859,498,915	100.0%	1,505,755	100.0%	\$ 6,381,438,476	100.0%

**Note:** The names of the ten largest tax payers are not disclosed to protect taxpayer privacy.

The categories presented are intended to provide alternative information regarding the sources of the State's tax revenue. Calendar Year 2010 is the most recent year for which the data is available.

**Source:** Department of Revenue Services

## Connecticut

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### Legal Debt Margin Information

Last Ten Fiscal Years

(Expressed in Thousands)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Estimated General Fund Tax Receipts	\$ 8,147,500	\$ 8,624,000	\$ 9,441,100	\$ 10,455,400	\$ 11,250,700	\$ 12,453,200	\$ 12,971,100	\$ 10,927,600	\$ 14,019,100	\$ 14,019,100
Statutory Multiplier	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6
Statutory Debt Limit for Debt Incurred	13,036,000	13,798,400	15,105,760	16,728,640	18,001,120	19,925,120	20,753,760	17,484,160	22,430,560	22,430,560
Less: Authorized Bonds, Notes, and Other Obligations Subject to Certain Limitations	11,724,239	12,233,029	12,486,174	12,938,435	13,481,602	14,266,573	14,876,927	15,110,495	15,493,181	15,180,510
Legal Debt Margin	\$ 1,311,761	\$ 1,565,371	\$ 2,619,586	\$ 3,790,205	\$ 4,519,518	\$ 5,658,547	\$ 5,876,833	\$ 2,373,665	\$ 6,937,379	\$ 7,250,050
Legal Debt Margin as a percentage of the debt limit	10.06%	11.34%	17.34%	22.66%	25.11%	28.40%	28.32%	13.58%	30.93%	32.32%
Date Calculation was made	11/1/02	12/16/03	1/1/05	12/16/05	2/1/07	2/1/08	2/1/09	2/1/10	10/1/11	2/1/12

Source: State of Connecticut General Obligation Bonds Offering Statement dated February 1, 2012.

## Ratios of Outstanding Debt by Type

Last Ten Fiscal Years  
(Expressed in Thousands)

	<b>2003</b>	<b>2004</b>	<b>2005</b>
<b>Governmental Activities</b>			
General Obligation Bonds	\$ 9,216,354	\$ 9,606,611	\$ 9,905,242
Transportation Obligation Bonds	3,205,815	3,153,949	3,113,875
Long-Term Notes	219,235	273,215	209,560
Capital Leases	67,988	53,761	76,955
<b>Total Governmental Activities</b>	<b>12,709,392</b>	<b>13,087,536</b>	<b>13,305,632</b>
<b>Business-Type Activities</b>			
Revenue Bonds	1,555,161	1,713,805	1,619,658
<b>Total Business-Type Activities</b>	<b>1,555,161</b>	<b>1,713,805</b>	<b>1,619,658</b>
<b>Total Primary Government</b>	<b>\$ 14,264,553</b>	<b>\$ 14,801,341</b>	<b>\$ 14,925,290</b>
<b>Debt as a Percentage of Personal Income</b>	9.58%	9.32%	8.95%
<b>Amount of Debt Per Capita</b>	\$4,092	\$4,230	\$4,252

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**Notes:** Details regarding the State's debt can be found in Note 18 of the financial statements.

## Ratios of Net General Bonded Debt Outstanding

Last Ten Fiscal Years  
(Expressed in Thousands)

	<b>2003</b>	<b>2004</b>	<b>2005</b>
General Obligation Bonds	\$ 9,216,354	\$ 9,606,611	\$ 9,905,242
Transportation Obligation Bonds	3,205,815	3,153,949	3,113,875
Debt Service Fund Balance	(622,083)	(635,679)	(677,555)
<b>Net General Obligation Bonded Debt</b>	<b>\$ 11,800,086</b>	<b>\$ 12,124,881</b>	<b>\$ 12,341,562</b>
<b>Net General Obligation Debt as a Percentage of Personal Income</b>	7.92%	7.63%	7.40%
<b>Amount of Net GO Debt Per Capita</b>	\$3,385	\$3,465	\$3,516

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**Notes:** Details regarding the State's debt can be found in Note 18 of the financial statements.

***Connecticut***

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<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
\$ 10,211,493	\$ 10,596,581	\$ 13,092,570	\$ 13,443,525	\$ 13,592,708	\$ 13,794,340	\$ 13,964,576
3,094,001	2,822,585	2,790,682	2,817,015	3,030,485	3,357,595	3,287,340
146,090	-	-	228,160	1,143,955	915,795	747,935
60,491	56,244	51,748	47,129	41,702	42,995	42,759
<u>13,512,075</u>	<u>13,475,410</u>	<u>15,935,000</u>	<u>16,535,829</u>	<u>17,808,850</u>	<u>18,110,725</u>	<u>18,042,610</u>
1,523,130	1,577,723	1,358,084	1,601,797	1,498,380	1,556,218	1,439,345
<u>1,523,130</u>	<u>1,577,723</u>	<u>1,358,084</u>	<u>1,601,797</u>	<u>1,498,380</u>	<u>1,556,218</u>	<u>1,439,345</u>
\$ 15,035,205	\$ 15,053,133	\$ 17,293,084	\$ 18,137,626	\$ 19,307,230	\$ 19,666,943	\$ 19,481,955
8.45%	7.82%	8.78%	9.31%	9.84%	9.49%	9.19%
\$4,290	\$4,357	\$5,077	\$5,181	\$5,402	\$5,483	\$5,427

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<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
\$ 10,211,493	\$ 10,596,581	\$ 13,092,570	\$ 13,443,525	\$ 13,592,708	\$ 13,794,340	\$ 13,964,576
3,094,001	2,822,585	2,790,682	2,817,015	3,030,485	3,357,595	3,287,340
(674,630)	(676,894)	(683,636)	(679,384)	(687,752)	(708,645)	(703,376)
<u>\$ 12,630,864</u>	<u>\$ 12,742,272</u>	<u>\$ 15,199,616</u>	<u>\$ 15,581,156</u>	<u>\$ 15,935,441</u>	<u>\$ 16,443,290</u>	<u>\$ 16,548,540</u>
7.10%	6.62%	7.72%	8.00%	8.12%	7.93%	7.81%
\$3,604	\$3,688	\$4,463	\$4,450	\$4,459	\$4,584	\$4,610

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## Pledged-Revenue Coverage

Last Ten Fiscal Years

(Expressed in Thousands)

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
<b>University of Connecticut and Health Center<sup>2</sup></b>				
Gross Revenues	\$ -	\$ 1,311,797	\$ 1,408,197	\$ 1,476,058
Operating Expenses	-	1,154,520	1,270,111	1,327,713
Net Available Revenues	<u>\$ -</u>	<u>\$ 157,277</u>	<u>\$ 138,086</u>	<u>\$ 148,345</u>
Debt Service:				
Principal	\$ -	\$ 50,810	\$ 57,660	\$ 61,964
Interest	-	10,198	11,158	13,032
Total	<u>\$ -</u>	<u>\$ 61,008</u>	<u>\$ 68,818</u>	<u>\$ 74,996</u>
Coverage	-	2.58	2.01	1.98
<b>State Universities<sup>2</sup></b>				
Gross Revenues	\$ -	\$ 526,083	\$ 529,180	\$ 549,800
Operating Expenses	-	432,163	464,940	496,923
Net Available Revenues	<u>\$ -</u>	<u>\$ 93,920</u>	<u>\$ 64,240</u>	<u>\$ 52,877</u>
Debt Service:				
Principal	\$ -	\$ 68,312	\$ 63,673	\$ 16,294
Interest	-	-	-	-
Total	<u>\$ -</u>	<u>\$ 68,312</u>	<u>\$ 63,673</u>	<u>\$ 16,294</u>
Coverage	-	1.37	1.01	3.25
<b>Bradley International Airport</b>				
Gross Revenues	\$ 56,286	\$ 54,862	\$ 60,618	\$ 60,740
Operating Expenses	31,254	29,464	32,649	33,871
Net Available Revenues	<u>\$ 25,032</u>	<u>\$ 25,398</u>	<u>\$ 27,969</u>	<u>\$ 26,869</u>
Debt Service:				
Principal	\$ 5,775	\$ 6,140	\$ 8,780	\$ 10,140
Interest	10,156	13,397	11,357	11,151
Total	<u>\$ 15,931</u>	<u>\$ 19,537</u>	<u>\$ 20,137</u>	<u>\$ 21,291</u>
Coverage	1.57	1.30	1.39	1.26
<b>Clean Water</b>				
Gross Revenues	\$ 50,566	\$ 37,338	\$ 47,439	\$ 54,295
Operating Expenses	804	604	755	856
Net Available Revenues	<u>\$ 49,762</u>	<u>\$ 36,734</u>	<u>\$ 46,684</u>	<u>\$ 53,439</u>
Debt Service:				
Principal	\$ 27,050	\$ 36,723	\$ 38,207	\$ 34,386
Interest	28,631	24,155	26,985	25,220
Total	<u>\$ 55,681</u>	<u>\$ 60,878</u>	<u>\$ 65,192</u>	<u>\$ 59,606</u>
Coverage	0.89	0.60	0.72	0.90
<b>Second Injury &amp; Compensation Assurance<sup>1</sup></b>				
Gross Revenues	\$ 96,107	\$ 99,687	\$ 96,918	\$ -
Operating Expenses	48,100	44,793	55,821	-
Net Available Revenues	<u>\$ 48,007</u>	<u>\$ 54,894</u>	<u>\$ 41,097</u>	<u>\$ -</u>
Debt Service:				
Principal	\$ 42,890	\$ 56,875	\$ 54,255	\$ -
Interest	7,455	5,274	2,454	-
Total	<u>\$ 50,345</u>	<u>\$ 62,149</u>	<u>\$ 56,709</u>	<u>\$ -</u>
Coverage	0.95	0.88	0.72	-

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$ 1,578,763	\$ 1,577,646	\$ 1,806,256	\$ 1,786,129	\$ 1,774,037	\$ 1,975,204
1,388,753	1,482,749	1,592,289	1,569,966	1,673,797	1,669,601
<u>\$ 190,010</u>	<u>\$ 94,897</u>	<u>\$ 213,967</u>	<u>\$ 216,163</u>	<u>\$ 100,240</u>	<u>\$ 305,603</u>
\$ 69,921	\$ 74,846	\$ 76,148	\$ 79,655	\$ 95,962	\$ 90,400
15,901	15,897	52,307	53,523	52,730	49,723
<u>\$ 85,822</u>	<u>\$ 90,743</u>	<u>\$ 128,455</u>	<u>\$ 133,178</u>	<u>\$ 148,692</u>	<u>\$ 140,123</u>
2.21	1.05	1.67	1.62	0.67	2.18
\$ 580,879	\$ 631,477	\$ 629,832	\$ 669,388	\$ 702,729	\$ 687,772
529,744	568,197	589,022	599,792	588,571	589,972
<u>\$ 51,135</u>	<u>\$ 63,280</u>	<u>\$ 40,810</u>	<u>\$ 69,596</u>	<u>\$ 114,158</u>	<u>\$ 97,800</u>
\$ 79,813	\$ 18,669	\$ 19,163	\$ 18,976	\$ 32,986	\$ 69,526
-	-	-	-	11,851	11,572
<u>\$ 79,813</u>	<u>\$ 18,669</u>	<u>\$ 19,163</u>	<u>\$ 18,976</u>	<u>\$ 44,837</u>	<u>\$ 81,098</u>
0.64	3.39	2.13	3.67	2.55	1.21
\$ 63,314	\$ 64,576	\$ 57,027	\$ 56,517	\$ 64,066	\$ 64,530
38,636	39,692	40,342	38,445	41,726	40,368
<u>\$ 24,678</u>	<u>\$ 24,884</u>	<u>\$ 16,685</u>	<u>\$ 18,072</u>	<u>\$ 22,340</u>	<u>\$ 24,162</u>
\$ 8,430	\$ 9,410	\$ 9,605	\$ 10,145	\$ 172,075	\$ 13,290
10,684	10,257	10,259	9,789	9,448	7,279
<u>\$ 19,114</u>	<u>\$ 19,667</u>	<u>\$ 19,864</u>	<u>\$ 19,934</u>	<u>\$ 181,523</u>	<u>\$ 20,569</u>
1.29	1.27	0.84	0.91	0.12	1.17
\$ 55,955	\$ 50,557	\$ 52,232	\$ 64,648	\$ 59,714	\$ 60,032
747	564	465	8,502	9,468	11,078
<u>\$ 55,208</u>	<u>\$ 49,993</u>	<u>\$ 51,767</u>	<u>\$ 56,146</u>	<u>\$ 50,246</u>	<u>\$ 48,954</u>
\$ 62,192	\$ 42,520	\$ 46,897	\$ 53,745	\$ 67,310	\$ 70,687
29,436	22,048	23,635	37,113	32,724	35,226
<u>\$ 91,628</u>	<u>\$ 64,568</u>	<u>\$ 70,532</u>	<u>\$ 90,858</u>	<u>\$ 100,034</u>	<u>\$ 105,913</u>
0.60	0.77	0.73	0.62	0.50	0.46
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
-	-	-	-	-	-

## Pledged-Revenue Coverage

Last Ten Fiscal Years  
(Expressed in Thousands)

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
<b>Bradley Parking Garage<sup>1</sup></b>				
Gross Revenues	\$ 20,474	\$ 22,068	\$ 23,351	\$ 24,651
Operating Expenses	<u>9,169</u>	<u>7,077</u>	<u>7,971</u>	<u>10,467</u>
Net Available Revenues	<u><u>\$ 11,305</u></u>	<u><u>\$ 14,991</u></u>	<u><u>\$ 15,380</u></u>	<u><u>\$ 14,184</u></u>
Debt Service:				
Principal	\$ -	\$ -	\$ 1,885	\$ 2,040
Interest	<u>3,582</u>	<u>3,582</u>	<u>3,518</u>	<u>3,099</u>
Total	<u><u>\$ 3,582</u></u>	<u><u>\$ 3,582</u></u>	<u><u>\$ 5,403</u></u>	<u><u>\$ 5,139</u></u>
Coverage	3.16	4.19	2.85	2.76
<b>Drinking Water<sup>1</sup></b>				
Gross Revenues	\$ 18,888	\$ 9,205	\$ 5,963	\$ 10,187
Operating Expenses	<u>1,946</u>	<u>1,508</u>	<u>1,743</u>	<u>3,391</u>
Net Available Revenues	<u><u>\$ 16,942</u></u>	<u><u>\$ 7,697</u></u>	<u><u>\$ 4,220</u></u>	<u><u>\$ 6,796</u></u>
Debt Service:				
Principal	\$ -	\$ 1,332	\$ 1,513	\$ 1,839
Interest	<u>1,375</u>	<u>1,906</u>	<u>2,130</u>	<u>2,067</u>
Total	<u><u>\$ 1,375</u></u>	<u><u>\$ 3,238</u></u>	<u><u>\$ 3,643</u></u>	<u><u>\$ 3,906</u></u>
Coverage	12.32	2.38	1.16	1.74
<b>Rate Reduction Bonds<sup>1</sup></b>				
Gross Revenues	\$ -	\$ -	\$ 23,075	\$ 44,376
Operating Expenses	<u>-</u>	<u>-</u>	<u>150</u>	<u>320</u>
Net Available Revenues	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 22,925</u></u>	<u><u>\$ 44,056</u></u>
Debt Service:				
Principal	\$ -	\$ -	\$ 12,605	\$ 26,145
Interest	<u>-</u>	<u>-</u>	<u>7,428</u>	<u>9,029</u>
Total	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 20,033</u></u>	<u><u>\$ 35,174</u></u>
Coverage	-	-	1.14	1.25

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**Notes:** Gross revenues include nonoperating revenue. Operating expenses include nonoperating expenses and exclude depreciation and interest expenses. Revenues for Higher Education funds include transfers in. Revenues for Clean Water and Drinking Water bonds include federal grants.

<sup>1</sup> Second Injury bonds were liquidated in fiscal year 2005.

Drinking Water Bonds were issued in fiscal year 2001 while Rate Reduction Bonds were issued in fiscal year 2005 and retired in fiscal year 2010..

<sup>2</sup> Starting in fiscal year 2004, the University of Connecticut and Health Center, the State Universities, and the Technical/Community Colleges funds were reported as separate Enterprise funds. In prior years, these funds were reported in the Higher Education fund, an Enterprise fund.

***Connecticut***

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<b><u>2007</u></b>	<b><u>2008</u></b>	<b><u>2009</u></b>	<b><u>2010</u></b>	<b><u>2011</u></b>	<b><u>2012</u></b>
\$ 23,168	\$ 22,984	\$ 20,375	\$ 18,792	\$ 21,076	\$ 21,723
8,522	8,968	9,039	8,776	8,609	8,287
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b><u>\$ 14,646</u></b>	<b><u>\$ 14,016</u></b>	<b><u>\$ 11,336</u></b>	<b><u>\$ 10,016</u></b>	<b><u>\$ 12,467</u></b>	<b><u>\$ 13,436</u></b>
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
\$ 2,210	\$ 1,460	\$ 1,550	\$ 1,650	\$ 1,755	\$ 1,865
3,558	3,451	3,437	3,620	3,378	3,172
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b><u>\$ 5,768</u></b>	<b><u>\$ 4,911</u></b>	<b><u>\$ 4,987</u></b>	<b><u>\$ 5,270</u></b>	<b><u>\$ 5,133</u></b>	<b><u>\$ 5,037</u></b>
2.54	2.85	2.27	1.90	2.43	2.67
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
\$ 22,664	\$ 17,164	\$ 10,714	\$ 14,714	\$ 17,935	\$ 9,706
2,570	2,576	4,184	7,068	8,802	5,032
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b><u>\$ 20,094</u></b>	<b><u>\$ 14,588</u></b>	<b><u>\$ 6,530</u></b>	<b><u>\$ 7,646</u></b>	<b><u>\$ 9,133</u></b>	<b><u>\$ 4,674</u></b>
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
\$ 3,209	\$ 2,660	\$ 2,718	\$ 3,964	\$ 4,055	\$ 4,643
2,081	1,633	1,794	2,405	2,141	2,391
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b><u>\$ 5,290</u></b>	<b><u>\$ 4,293</u></b>	<b><u>\$ 4,512</u></b>	<b><u>\$ 6,369</u></b>	<b><u>\$ 6,196</u></b>	<b><u>\$ 7,034</u></b>
3.80	3.40	1.45	1.20	1.47	0.66
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
\$ 32,417	\$ 35,261	\$ 18,319	\$ -	\$ -	\$ -
310	305	747	-	-	-
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b><u>\$ 32,107</u></b>	<b><u>\$ 34,956</u></b>	<b><u>\$ 17,572</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
\$ 27,155	\$ 28,450	\$ 110,990	\$ -	\$ -	\$ -
7,733	6,436	-	-	-	-
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b><u>\$ 34,888</u></b>	<b><u>\$ 34,886</u></b>	<b><u>\$ 110,990</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>
0.92	1.00	0.16	-	-	-
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

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**Demographic and Economic Statistics**  
**Population and Per Capita Personal Income**  
Last Ten Calendar Years  
(Expressed in Thousands)

<b>Year</b>	<b>Population</b>			
	<b>United States</b>	<b>% Growth From Previous Year</b>	<b>Connecticut</b>	<b>% Growth From Previous Year</b>
2003	290,850	0.99%	3,486	0.81%
2004	293,657	0.97%	3,499	0.37%
2005	296,410	0.94%	3,510	0.31%
2006	298,217	0.61%	3,505	-0.14%
2007	301,140	0.98%	3,455	-1.43%
2008	301,600	0.15%	3,406	-1.42%
2009	304,060	0.82%	3,501	2.79%
2010	308,746	1.54%	3,574	2.09%
2011	310,384	0.53%	3,587	0.36%
2012	316,266	1.90%	3,590	0.08%

**Notes:** Personal Income for 2012 is based on third quarter amounts.

The Connecticut Population for 2006, 2011, and 2012 are estimates.

**Sources:** U.S. Census Bureau, U.S. Bureau of Economic Analysis

**Demographic and Economic Statistics**  
**Employment Information**

Last Ten Calendar Years  
(Expressed in Thousands)

<b>Year</b>	<b>United States Labor Force</b>			
	<b>Civilian</b>		<b>Unemployment</b>	
<b>Labor force</b>	<b>Employed</b>	<b>Unemployed</b>	<b>Rate</b>	
2003	146,510	137,736	8,774	6.0%
2004	147,401	139,252	8,149	5.5%
2005	149,321	141,730	7,591	5.1%
2006	151,428	144,427	7,001	4.6%
2007	153,283	146,140	7,143	4.7%
2008	154,390	145,891	8,499	5.5%
2009	154,926	140,196	14,729	9.5%
2010	153,741	139,119	14,623	9.5%
2011	153,421	139,334	14,087	9.2%
2012	155,063	142,974	12,088	7.8%

**Sources:** U.S. Department of Labor

<b>Personal Income</b>		<b>Per Capita Personal Income</b>	
<b>United States</b>	<b>Connecticut</b>	<b>United States</b>	<b>Connecticut</b>
\$ 9,150,908,000	\$ 148,975,390	\$31,463	\$42,735
\$ 9,717,173,000	\$ 158,895,963	\$33,090	\$45,412
\$ 10,224,761,000	\$ 166,807,307	\$34,495	\$47,523
\$ 11,180,604,000	\$ 177,997,159	\$37,492	\$50,784
\$ 11,867,043,000	\$ 192,569,668	\$39,407	\$55,737
\$ 12,002,122,000	\$ 197,006,000	\$39,795	\$57,841
\$ 12,083,900,000	\$ 194,767,000	\$39,742	\$55,632
\$ 12,590,671,000	\$ 196,299,789	\$40,780	\$54,924
\$ 13,017,400,000	\$ 207,248,000	\$41,940	\$57,778
\$ 13,439,300,000	\$ 211,966,000	\$42,494	\$59,043

**Connecticut Labor Force**

<b>Civilian Labor force</b>	<b>Unemployment</b>		
	<b>Employed</b>	<b>Unemployed</b>	<b>Rate</b>
1,797	1,699	98	5.5%
1,793	1,711	82	4.6%
1,801	1,709	92	5.1%
1,835	1,760	75	4.1%
1,876	1,795	81	4.3%
1,897	1,795	102	5.4%
1,879	1,731	147	7.8%
1,887	1,721	166	8.8%
1,886	1,715	166	8.8%
1,898	1,728	170	9.0%

## **Demographic and Economic Statistics**

### **Top Ten Non-Governmental Employers**

Current Year and Ten Years Ago

<b>NAME</b>	<b>2012</b>			<b>2003</b>		
	<b>Employees in CT</b>	<b>Percentage of State Employment</b>	<b>Rank</b>	<b>Employees in CT</b>	<b>Percentage of State Employment</b>	<b>Rank</b>
United Technologies Corp.	27,000	1.6%	1	9,000	0.5%	3
Hartford Healthcare	16,621	1.0%	2	8,919	0.5%	8
Yale University	14,980	0.9%	3	11,300	0.6%	5
Stop & Shop Cos., Inc.	13,574	(1)	4	15,500	0.9%	1
Hartford Financial Services	10,300	0.6%	5	8,000	0.4%	7
Wal-Mart Stores, Inc.	9,204	(1)	6	-	0.0%	-
Yale New Haven Hospital	8,953	0.5%	7	9,000	0.5%	4
Foxwoods Resort Casino	8,700	0.5%	8	12,000	0.7%	1
General Dynamics Electric Boat	8,346	0.5%	9	7,200	0.4%	12
Mohegan Sun Casino	8,200	0.5%	10	9,000	0.5%	5
Total	125,878	7.4%		89,919	5.0%	

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**Sources:** Hartford Business Journal (HBJ)- August 31, 2012

(1) Omitted from the 2012 HBJ survey. The number equals the employees reported by HBJ in 2008.

## State Employees by Function

Last Eight Fiscal Years

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Primary Government								
Legislative	665	668	695	701	713	706	705	716
General Government	3,645	3,654	3,783	3,897	3,811	3,630	3,584	3,453
Regulation and Protection	4,196	4,258	4,324	4,384	4,271	4,088	4,099	3,999
Conservation and Development	1,296	1,302	1,306	1,356	1,388	1,293	1,296	1,393
Health and Hospital	7,668	7,774	7,841	7,984	4,138	3,925	3,844	3,862
Transportation	3,053	3,131	3,198	3,256	3,139	3,070	3,055	3,018
Human Services	1,847	1,891	1,969	2,046	1,982	5,175	5,133	5,017
Education, Libraries, and Museums	18,874	19,375	19,619	20,219	20,126	20,225	20,777	21,692
Corrections	9,738	9,797	9,927	10,116	10,034	9,539	9,243	9,151
Judicial	4,297	4,381	4,457	4,628	4,567	4,601	4,626	4,744
Total Number of Employees - Primary Government	<u>55,279</u>	<u>56,231</u>	<u>57,119</u>	<u>58,587</u>	<u>54,169</u>	<u>56,252</u>	<u>56,362</u>	<u>57,045</u>

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**Note:** This information was not available prior to 2005. The number of employees excludes job classes such as contractors, intermittent, durational, seasonal, trainee, temporary and part-time employment.

## Operating Indicators by Function

Last Ten Fiscal Years

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b><u>Legislative</u></b>										
<b>Office of Legislative Management</b>										
Number of Public and Special Acts	259	310	267	319	206	256	200	270	217	273
Number of Amendments Drafted	2,840	2,359	2,614	2,102	2,040	2,977	2,853	3,889	2,717	3,043
<b><u>General Government</u></b>										
<b>Office of the State Treasurer</b>										
% of Payments made Electronically	30.2%	43.4%	51.5%	56.7%	56.2%	64.2%	66.1%	69.0%	68.8%	63.4%
Number of Unclaimed Property Claims Paid	12,665	13,368	11,938	11,985	22,732	20,930	16,787	14,481	17,360	17,933
<b>Department of Revenue Services</b>										
% of Income Tax Returns Filed Electronically	n/a	n/a	45.0%	54.0%	67.0%	70.2%	72.4%	70.5%	75.0%	78.0%
Revenue Collected per \$1 of Agency Expense	\$156	\$163	\$191	\$202	\$202	\$207	\$207	\$178	\$203	\$250
<b>Department of Construction Services</b>										
Number of Construction Contracts Awarded	22	17	25	27	34	28	13	20	28	22
State Floor Space Owned and Leased	9,843,368	9,456,479	8,882,469	8,656,234	8,621,174	8,713,211	8,770,901	8,651,460	7,465,869	7,129,801
<b><u>Regulation and Protection</u></b>										
<b>Department of Public Safety</b>										
Number of Background Checks - Firearms	18,786	34,816	40,508	38,672	35,159	64,766	29,693	44,632	37,194	33,064
Number of Fingerprint Checks for CT/Pd's	129,538	121,849	118,717	107,056	122,193	258,111	178,379	165,603	211,163	138,044
<b>Department of Motor Vehicles</b>										
Number of Registered Motor Vehicles	2,900,000	2,950,000	3,020,000	3,078,000	3,040,000	3,015,867	3,016,521	3,002,772	3,007,638	2,974,801
Number of Licensed Drivers	2,300,000	2,430,000	2,300,000	2,460,000	2,400,000	2,848,602	2,883,324	2,916,143	2,934,576	2,986,267
<b>Department of Labor</b>										
Number of Initial Unemployment Claims	297,205	282,736	248,109	222,770	222,553	215,404	261,400	326,179	299,563	335,166
Persons Using Employment Service (1)	57,198	49,183	54,915	61,103	116,100	140,922	170,701	211,613	228,283	228,203
<b><u>Conservation and Development</u></b>										
<b>Department of Energy &amp; Environmental Protection</b>										
Nitrogen Discharged into Long Island Sound (2)	12,500	12,100	11,607	11,208	10,940	10,558	9,100	8,400	7,670	7,670
Attained Goal of Open Space (3)	72.0%	75.2%	77.4%	77.6%	77.8%	78.0%	78.0%	79.0%	81.0%	79.0%
<b><u>Health and Hospitals</u></b>										
<b>Department of Public Health</b>										
Number of Tuberculosis Cases Identified	121	112	111	105	105	108	98	95	85	83
Number of Licenses Applications - New	11,883	11,141	11,592	12,914	12,750	15,439	12,595	12,964	14,899	14,510
Number of Licenses Applications - Renewal	139,297	143,777	145,985	136,069	133,887	140,973	123,014	149,818	151,205	149,370
<b>Department of Developmental Services</b>										
Number of Qualified Providers	143	136	132	127	161	184	176	188	204	233
Number of Persons Served in Various Programs	19,921	20,399	20,148	19,997	20,256	15,148	15,270	15,390	15,495	15,640
<b><u>Human Services</u></b>										
<b>Department of Social Services</b>										
Number of Medicaid Eligible Clients	354,944	385,518	393,998	403,972	399,635	392,179	409,960	434,480	465,667	556,558
Temp Family Assistance Average Caseload	26,234	24,404	24,658	24,104	22,556	21,124	20,203	20,862	20,517	
Child Care Number of Children Served	32,400	26,974	19,799	18,920	21,440	22,523	21,422	18,204	18,204	20,154
<b><u>Education</u></b>										
<b>Department of Higher Education</b>										
Number of Degrees Conferred - Statewide	30,498	32,499	33,659	34,582	35,694	36,045	36,634	38,047	38,912	40,218
Enrollment - Statewide	169,739	170,597	172,631	174,257	176,542	178,855	184,544	191,134	193,212	200,637

## Operating Indicators by Function

Last Ten Fiscal Years

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<b><u>Transportation</u></b>										
<b>Department of Transportation</b>										
Active Construction Projects	122	212	190	181	159	175	212	281	257	188
Miles of Road Resurfaced	319	310	362	305	191	218	265	215	282	258
Estimated Billions of Persons Using Roadways	4.081	4.118	4.154	4.191	4.228	4.265	4.302	4.399	4.313	4,353
<b><u>Corrections</u></b>										
<b>Department of Corrections</b>										
Incarcerated Population	18,295	19,271	18,837	18,390	18,352	18,970	19,482	19,204	18,431	17,631
Direct Daily Inmate Expenditures	\$74	\$73	\$76	\$81	\$84	\$86	\$90	\$92	\$90	\$95
<b><u>Judicial</u></b>										
<b>Judicial Branch</b>										
Number of Superior Court Cases Filed	567,696	535,158	536,501	517,836	542,655	547,354	570,497	563,572	567,607	513,511
Average Number of Supervised Probationers	52,320	54,315	57,516	56,145	58,117	57,597	56,500	56,555	57,778	53,345

(1) The department of Labor assists individuals in job search, resume preparation, etc.

(2) Average annual number of tons

(3) % of accomplished State goal to acquire 320,957 acres of open space

n/a = statistic not available at time of publication

## Capital Assets by Function

Last Ten Fiscal Years

		<b>2003</b>	<b>2004</b>	<b>2005</b>
<b>Legislative</b>	Total	\$ 169,205	\$ 169,586	\$ 170,236
Buildings		156,802	156,802	156,802
Equipment		12,403	12,784	13,434
<b>General Government</b>	Total	\$ 1,061,936	\$ 915,339	\$ 649,856
Land		108,157	106,097	142,117
Construction in Progress		460,271	336,502	136,592
Buildings		251,678	312,970	172,778
Improvements Other than Buildings		4,947	17,369	48,740
Equipment		236,883	142,401	149,629
<b>Regulation and Protection</b>	Total	\$ 398,591	\$ 404,200	\$ 404,080
Land		9,971	9,971	9,971
Buildings		182,904	189,603	192,720
Improvements Other than Buildings		13,036	13,402	15,620
Equipment		192,680	191,224	185,769
<b>Conservation and Development</b>	Total	\$ 496,022	\$ 510,811	\$ 396,141
Land		304,832	314,487	186,985
Buildings		90,516	92,128	101,792
Improvements Other than Buildings		55,122	58,716	60,629
Equipment		45,552	45,480	46,735
<b>Health and Hospital</b>	Total	\$ 262,379	\$ 264,505	\$ 280,546
Land		6,833	7,624	7,653
Buildings		205,623	203,328	222,456
Improvements Other than Buildings		15,884	15,328	15,133
Equipment		34,039	38,225	35,304
<b>Transportation</b>	Total	\$ 11,997,362	\$ 12,646,864	\$ 13,446,989
Land		416,209	473,967	893,160
Construction in Progress		1,276,607	1,335,433	1,244,525
Buildings		356,873	478,750	507,662
Improvements Other than Buildings		156,036	230,308	280,065
Equipment		574,229	586,292	592,481
Infrastructure		9,217,408	9,542,114	9,929,096
<b>Human Services</b>	Total	\$ 18,811	\$ 18,018	\$ 15,149
Improvements Other than Buildings		-	-	-
Equipment		18,811	18,018	15,149
<b>Education, Libraries, and Museums</b>	Total	\$ 387,002	\$ 376,740	\$ 404,412
Land		43,935	1,027	1,027
Buildings		222,395	222,395	245,279
Improvements Other than Buildings		8,060	8,060	8,060
Equipment		112,612	145,258	150,046
<b>Corrections</b>	Total	\$ 944,305	\$ 947,479	\$ 1,052,584
Land		10,351	10,319	11,388
Buildings		816,261	823,300	916,294
Improvements Other than Buildings		56,500	57,080	59,275
Equipment		61,193	56,780	65,627
<b>Judicial</b>	Total	\$ 334,250	\$ 358,862	\$ 359,114
Land		11,467	11,467	11,467
Buildings		256,163	277,774	277,774
Improvements Other than Buildings		1,805	1,805	1,805
Equipment		64,815	67,816	68,068
<b>Total Capital Assets at Historical Cost</b>		\$ 16,069,863	\$ 16,612,404	\$ 17,179,107
<b>Total Accumulated Depreciation</b>		\$ (6,537,926)	\$ (6,993,537)	\$ (7,538,788)
<b>Governmental Activities, Capital Assets, Net</b>		\$ 9,531,937	\$ 9,618,867	\$ 9,640,319

*Connecticut*

2006	2007	2008	2009*	2010	2011	2012
\$ 169,165	\$ 168,585	\$ 170,185	\$ 168,584	\$ 168,349	\$ 171,245	\$ 170,329
156,802	156,802	158,449	156,585	156,585	156,805	156,805
12,363	11,783	11,736	11,999	11,764	14,440	13,524
\$ 750,105	\$ 940,122	\$ 1,060,383	\$ 1,154,135	\$ 1,218,961	\$ 1,189,407	\$ 1,017,372
152,290	156,894	158,454	160,947	180,404	191,400	193,063
113,739	330,272	386,317	379,176	331,767	296,604	144,159
271,169	201,892	206,930	244,017	297,601	297,821	297,896
51,319	51,319	51,319	54,768	54,763	54,741	54,741
161,588	199,745	257,363	315,227	354,426	348,841	327,513
\$ 407,636	\$ 393,026	\$ 392,819	\$ 376,832	\$ 395,028	\$ 402,401	\$ 452,633
9,971	9,930	9,980	8,823	8,837	8,837	8,775
192,720	210,729	201,412	201,776	209,095	210,755	236,968
15,608	16,107	26,580	17,076	17,181	19,837	19,846
189,337	156,260	154,847	149,157	159,915	162,972	187,044
\$ 406,522	\$ 441,614	\$ 460,286	\$ 475,504	\$ 571,685	\$ 590,538	\$ 603,652
189,754	221,438	233,759	248,585	345,121	355,989	366,999
104,456	106,053	107,762	104,476	104,548	107,653	107,146
61,522	62,957	63,699	63,340	65,650	69,317	70,753
50,790	51,166	55,066	59,103	56,366	57,579	58,754
\$ 291,535	\$ 301,903	\$ 291,844	\$ 300,135	\$ 304,608	\$ 311,328	\$ 298,566
7,587	7,587	6,892	6,913	6,911	6,911	6,767
233,343	234,072	224,808	222,123	224,682	239,079	227,432
16,922	17,013	16,767	26,061	27,094	18,757	16,988
33,683	43,231	43,377	45,038	45,921	46,581	47,382
\$ 13,845,896	\$ 14,333,229	\$ 15,043,055	\$ 15,637,149	\$ 16,256,933	\$ 17,338,101	\$ 18,343,934
902,133	925,204	958,763	942,688	993,751	1,004,641	1,036,517
1,544,958	1,629,903	956,131	973,326	1,387,610	2,043,549	2,441,123
438,355	467,737	479,255	466,452	481,206	543,331	560,152
246,032	246,088	246,664	247,521	246,075	246,874	254,243
636,398	620,978	772,476	740,699	592,510	843,984	1,028,099
10,078,020	10,443,319	11,629,766	12,266,463	12,555,781	12,655,722	13,023,800
\$ 13,705	\$ 11,478	\$ 13,807	\$ 13,809	\$ 14,441	\$ 14,142	\$ 13,926
-	-	-	-	-	667	667
13,705	11,478	13,807	13,809	14,441	13,475	13,259
\$ 425,930	\$ 458,586	\$ 517,232	\$ 570,910	\$ 773,831	\$ 776,143	\$ 779,508
1,027	1,027	1,027	1,027	1,027	1,027	1,027
263,280	294,811	350,948	406,118	608,276	608,276	608,276
8,060	8,060	8,079	8,200	8,211	8,217	8,217
153,563	154,688	157,178	155,565	156,317	158,623	161,988
\$ 940,306	\$ 1,059,023	\$ 964,442	\$ 978,850	\$ 975,787	\$ 1,003,179	\$ 1,010,491
20,388	20,388	19,351	10,351	10,351	10,351	10,305
809,175	812,869	721,522	737,481	740,705	760,336	756,975
48,581	51,331	48,863	51,437	50,793	51,140	51,481
62,162	174,435	174,706	179,581	173,938	181,352	191,730
\$ 384,345	\$ 389,968	\$ 394,221	\$ 439,743	\$ 454,167	\$ 448,899	\$ 450,962
11,467	11,616	11,616	14,616	15,648	15,648	15,648
299,165	303,080	303,080	343,153	351,821	351,830	351,922
1,755	1,755	1,755	1,767	1,657	1,740	3,242
71,958	73,517	77,770	80,207	85,041	79,681	80,150
\$ 17,635,145	\$ 18,497,534	\$ 19,308,274	\$ 20,115,651	\$ 21,133,790	\$ 22,245,383	\$ 23,141,373
\$ (7,880,552)	\$ (8,545,550)	\$ (9,280,140)	\$ (9,921,291)	\$ (10,563,938)	\$ (11,321,085)	\$ (12,175,489)
\$ 9,754,593	\$ 9,951,984	\$ 10,028,134	\$ 10,194,360	\$ 10,569,852	\$ 10,924,298	\$ 10,965,884

\* Restated for comparison purposes.

## **Office of the State Comptroller Organization**

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*State Comptroller*

**Martha Carlson**  
*Deputy Comptroller*

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